

I am pleased these federal resources will not be used to support the gambling facilities, liquor stores and massage parlors. I don't believe the federal government should help interests that have dubious value to these communities.

I believe gambling is inherently dishonest and am opposed to it in any form. During my 14 years in the state legislature I voted against every gambling bill. Gambling financially cripples those who can least afford it—the poor—through the cruel and misleading lure of “winning it big.”

With the budget deficits growing to historic levels, we need to make sure tax dollars are being used in the wisest possible manner to rebuild the region's businesses and housing.

Fair-minded Americans support tax incentives to spur business reinvestment along the hurricane-ravaged Gulf coast to help victims there rebuild their lives.

Tax breaks for the gaming industry simply do not make sense.

I urge my colleagues to support this resolution.

Mr. GIBBONS. Mr. Speaker, I rise today in support of those communities in the gulf coast region who have been devastated by the recent hurricanes.

However, while well-intentioned, I find today's legislation to spur economic development in the gulf coast region to be significantly flawed in that it specifically excluded a key industry in the area.

Never before in any previous disaster relief legislation, has Congress picked winners and losers. We should not start today.

Businesses on the gulf coast have invested billions of dollars in infrastructure that Hurricane Katrina reduced to rubble in a matter of hours. The gaming industry employs tens of thousands of people in the gulf coast region.

It should be treated equally in legislation seeking to assist the rebuilding of businesses destroyed by Hurricane Katrina. The gaming businesses are legal, well-regulated, and publicly traded companies that should not be discriminated against in Federal economic assistance legislation.

Many people in this region lost everything; their homes, their jobs, personal belongings, and the schools their kids attended. It is regrettable that some in Congress are willing to put the hardship of one displaced individual—who may work for a refinery or a grocery store—over another individual's who happens to work in the gaming industry.

This was a terrible disaster and loss for everyone, and Congress today is ignoring that simple fact.

I will not support the Gulf Opportunity Zone legislation today, because I am extremely disturbed with the dangerous precedent this sets.

I will work with our delegation and the conference committee to ensure that the final bill includes equal treatment for the gaming industry—just like any other business in the gulf coast region.

Mr. McCRERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Louisiana (Mr. McCRERY) that the House suspend the rules and pass the bill, H.R. 4440.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of

those present have voted in the affirmative.

Mr. McCRERY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

#### GENERAL LEAVE

Mr. McCRERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the bill, H.R. 4440.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

#### UNITED STATES-BAHRAIN FREE TRADE AGREEMENT IMPLEMENTATION ACT

Mr. SHAW. Mr. Speaker, pursuant to House Resolution 583, I call up the bill (H.R. 4340) to implement the United States-Bahrain Free Trade Agreement, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4340

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “United States-Bahrain Free Trade Agreement Implementation Act”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definitions.

#### TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

- Sec. 101. Approval and entry into force of the Agreement.
- Sec. 102. Relationship of the agreement to United States and State law.
- Sec. 103. Implementing actions in anticipation of entry into force and initial regulations.
- Sec. 104. Consultation and layover provisions for, and effective date of, proclaimed actions.
- Sec. 105. Administration of dispute settlement proceedings.
- Sec. 106. Effective dates; effect of termination.

#### TITLE II—CUSTOMS PROVISIONS

- Sec. 201. Tariff modifications.
- Sec. 202. Rules of origin.
- Sec. 203. Customs user fees.
- Sec. 204. Enforcement relating to trade in textile and apparel goods.
- Sec. 205. Regulations.

#### TITLE III—RELIEF FROM IMPORTS

- Sec. 301. Definitions.
- Subtitle A—Relief From Imports Benefiting From the Agreement
- Sec. 311. Commencing of action for relief.
- Sec. 312. Commission action on petition.
- Sec. 313. Provision of relief.

- Sec. 314. Termination of relief authority.
- Sec. 315. Compensation authority.
- Sec. 316. Confidential business information.

#### Subtitle B—Textile and Apparel Safeguard Measures

- Sec. 321. Commencement of action for relief.
- Sec. 322. Determination and provision of relief.
- Sec. 323. Period of relief.
- Sec. 324. Articles exempt from relief.
- Sec. 325. Rate after termination of import relief.
- Sec. 326. Termination of relief authority.
- Sec. 327. Compensation authority.
- Sec. 328. Confidential business information.

#### TITLE IV—PROCUREMENT

- Sec. 401. Eligible products.

#### SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to approve and implement the Free Trade Agreement between the United States and Bahrain entered into under the authority of section 2103(b) of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3803(b));

(2) to strengthen and develop economic relations between the United States and Bahrain for their mutual benefit;

(3) to establish free trade between the 2 nations through the reduction and elimination of barriers to trade in goods and services; and

(4) to lay the foundation for further cooperation to expand and enhance the benefits of such Agreement.

#### SEC. 3. DEFINITIONS.

In this Act:

(1) AGREEMENT.—The term “Agreement” means the United States-Bahrain Free Trade Agreement approved by Congress under section 101(a)(1).

(2) HTS.—The term “HTS” means the Harmonized Tariff Schedule of the United States.

(3) TEXTILE OR APPAREL GOOD.—The term “textile or apparel good” means a good listed in the Annex to the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)).

#### TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

##### SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE AGREEMENT.

(a) APPROVAL OF AGREEMENT AND STATEMENT OF ADMINISTRATIVE ACTION.—Pursuant to section 2105 of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3805) and section 151 of the Trade Act of 1974 (19 U.S.C. 2191), Congress approves—

(1) the United States-Bahrain Free Trade Agreement entered into on September 14, 2004, with Bahrain and submitted to Congress on November 16, 2005; and

(2) the statement of administrative action proposed to implement the Agreement that was submitted to Congress on November 16, 2005.

(b) CONDITIONS FOR ENTRY INTO FORCE OF THE AGREEMENT.—At such time as the President determines that Bahrain has taken measures necessary to bring it into compliance with those provisions of the Agreement that are to take effect on the date on which the Agreement enters into force, the President is authorized to exchange notes with the Government of Bahrain providing for the entry into force, on or after January 1, 2006, of the Agreement with respect to the United States.

##### SEC. 102. RELATIONSHIP OF THE AGREEMENT TO UNITED STATES AND STATE LAW.

(a) RELATIONSHIP OF AGREEMENT TO UNITED STATES LAW.—

(1) UNITED STATES LAW TO PREVAIL IN CONFLICT.—No provision of the Agreement, nor

the application of any such provision to any person or circumstance, which is inconsistent with any law of the United States shall have effect.

(2) CONSTRUCTION.—Nothing in this Act shall be construed—

(A) to amend or modify any law of the United States; or

(B) to limit any authority conferred under any law of the United States, unless specifically provided for in this Act.

(b) RELATIONSHIP OF AGREEMENT TO STATE LAW.—

(1) LEGAL CHALLENGE.—No State law, or the application thereof, may be declared invalid as to any person or circumstance on the ground that the provision or application is inconsistent with the Agreement, except in an action brought by the United States for the purpose of declaring such law or application invalid.

(2) DEFINITION OF STATE LAW.—For purposes of this subsection, the term “State law” includes—

(A) any law of a political subdivision of a State; and

(B) any State law regulating or taxing the business of insurance.

(c) EFFECT OF AGREEMENT WITH RESPECT TO PRIVATE REMEDIES.—No person other than the United States—

(1) shall have any cause of action or defense under the Agreement or by virtue of congressional approval thereof; or

(2) may challenge, in any action brought under any provision of law, any action or inaction by any department, agency, or other instrumentality of the United States, any State, or any political subdivision of a State, on the ground that such action or inaction is inconsistent with the Agreement.

#### SEC. 103. IMPLEMENTING ACTIONS IN ANTICIPATION OF ENTRY INTO FORCE AND INITIAL REGULATIONS.

(a) IMPLEMENTING ACTIONS.—

(1) PROCLAMATION AUTHORITY.—After the date of the enactment of this Act—

(A) the President may proclaim such actions, and

(B) other appropriate officers of the United States Government may issue such regulations,

as may be necessary to ensure that any provision of this Act, or amendment made by this Act, that takes effect on the date on which the Agreement enters into force is appropriately implemented on such date, but no such proclamation or regulation may have an effective date earlier than the date on which the Agreement enters into force.

(2) EFFECTIVE DATE OF CERTAIN PROCLAIMED ACTIONS.—Any action proclaimed by the President under the authority of this Act that is not subject to the consultation and layover provisions under section 104 may not take effect before the 15th day after the date on which the text of the proclamation is published in the Federal Register.

(3) WAIVER OF 15-DAY RESTRICTION.—The 15-day restriction in paragraph (2) on the taking effect of proclaimed actions is waived to the extent that the application of such restriction would prevent the taking effect on the date on which the Agreement enters into force of any action proclaimed under this section.

(b) INITIAL REGULATIONS.—Initial regulations necessary or appropriate to carry out the actions required by or authorized under this Act or proposed in the statement of administrative action submitted under section 101(a)(2) to implement the Agreement shall, to the maximum extent feasible, be issued within 1 year after the date on which the Agreement enters into force. In the case of any implementing action that takes effect on a date after the date on which the Agreement enters into force, initial regulations to

carry out that action shall, to the maximum extent feasible, be issued within 1 year after such effective date.

#### SEC. 104. CONSULTATION AND LAYOVER PROVISIONS FOR, AND EFFECTIVE DATE OF, PROCLAIMED ACTIONS.

If a provision of this Act provides that the implementation of an action by the President by proclamation is subject to the consultation and layover requirements of this section, such action may be proclaimed only if—

(1) the President has obtained advice regarding the proposed action from—

(A) the appropriate advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155); and

(B) the United States International Trade Commission;

(2) the President has submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report that sets forth—

(A) the action proposed to be proclaimed and the reasons therefor; and

(B) the advice obtained under paragraph (1);

(3) a period of 60 calendar days, beginning on the first day on which the requirements set forth in paragraphs (1) and (2) have been met has expired; and

(4) the President has consulted with the Committees referred to in paragraph (2) regarding the proposed action during the period referred to in paragraph (3).

#### SEC. 105. ADMINISTRATION OF DISPUTE SETTLEMENT PROCEEDINGS.

(a) ESTABLISHMENT OR DESIGNATION OF OFFICE.—The President is authorized to establish or designate within the Department of Commerce an office that shall be responsible for providing administrative assistance to panels established under chapter 19 of the Agreement. The office may not be considered to be an agency for purposes of section 552 of title 5, United States Code.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each fiscal year after fiscal year 2005 to the Department of Commerce such sums as may be necessary for the establishment and operations of the office established or designated under subsection (a) and for the payment of the United States share of the expenses of panels established under chapter 19 of the Agreement.

#### SEC. 106. EFFECTIVE DATES; EFFECT OF TERMINATION.

(a) EFFECTIVE DATES.—Except as provided in subsection (b), the provisions of this Act and the amendments made by this Act take effect on the date on which the Agreement enters into force.

(b) EXCEPTIONS.—Sections 1 through 3 and this title take effect on the date of the enactment of this Act.

(c) TERMINATION OF THE AGREEMENT.—On the date on which the Agreement terminates, the provisions of this Act (other than this subsection) and the amendments made by this Act shall cease to be effective.

### TITLE II—CUSTOMS PROVISIONS

#### SEC. 201. TARIFF MODIFICATIONS.

(a) TARIFF MODIFICATIONS PROVIDED FOR IN THE AGREEMENT.—

(1) PROCLAMATION AUTHORITY.—The President may proclaim—

(A) such modifications or continuation of any duty,

(B) such continuation of duty-free or excise treatment, or

(C) such additional duties, as the President determines to be necessary or appropriate to carry out or apply articles 2.3, 2.5, 2.6, 3.2.8, and 3.2.9, and Annex 2-B of the Agreement.

(2) EFFECT ON BAHRAIN GSP STATUS.—Notwithstanding section 502(a)(1) of the Trade

Act of 1974 (19 U.S.C. 2462(a)(1)), the President shall, on the date on which the Agreement enters into force, terminate the designation of Bahrain as a beneficiary developing country for purposes of title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.).

(b) OTHER TARIFF MODIFICATIONS.—Subject to the consultation and layover provisions of section 104, the President may proclaim—

(1) such modifications or continuation of any duty,

(2) such modifications as the United States may agree to with Bahrain regarding the staging of any duty treatment set forth in Annex 2-B of the Agreement,

(3) such continuation of duty-free or excise treatment, or

(4) such additional duties, as the President determines to be necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions with respect to Bahrain provided for by the Agreement.

(c) CONVERSION TO AD VALOREM RATES.—For purposes of subsections (a) and (b), with respect to any good for which the base rate in the Tariff Schedule of the United States to Annex 2-B of the Agreement is a specific or compound rate of duty, the President may substitute for the base rate an ad valorem rate that the President determines to be equivalent to the base rate.

#### SEC. 202. RULES OF ORIGIN.

(a) APPLICATION AND INTERPRETATION.—In this section:

(1) TARIFF CLASSIFICATION.—The basis for any tariff classification is the HTS.

(2) REFERENCE TO HTS.—Whenever in this section there is a reference to a heading or subheading, such reference shall be a reference to a heading or subheading of the HTS.

(b) ORIGINATING GOODS.—

(1) IN GENERAL.—For purposes of this Act and for purposes of implementing the preferential tariff treatment provided for under the Agreement, a good is an originating good if—

(A) the good is imported directly—

(i) from the territory of Bahrain into the territory of the United States; or

(ii) from the territory of the United States into the territory of Bahrain; and

(B)(i) the good is a good wholly the growth, product, or manufacture of Bahrain or the United States, or both;

(ii) the good (other than a good to which clause (iii) applies) is a new or different article of commerce that has been grown, produced, or manufactured in Bahrain or the United States, or both, and meets the requirements of paragraph (2); or

(iii)(I) the good is a good covered by Annex 3-A or 4-A of the Agreement;

(II)(aa) each of the nonoriginating materials used in the production of the good undergoes an applicable change in tariff classification specified in such Annex as a result of production occurring entirely in the territory of Bahrain or the United States, or both; or

(bb) the good otherwise satisfies the requirements specified in such Annex; and

(III) the good satisfies all other applicable requirements of this section.

(2) REQUIREMENTS.—A good described in paragraph (1)(B)(ii) is an originating good only if the sum of—

(A) the value of each material produced in the territory of Bahrain or the United States, or both, and

(B) the direct costs of processing operations performed in the territory of Bahrain or the United States, or both, is not less than 35 percent of the appraised value of the good at the time the good is entered into the territory of the United States.

## (c) CUMULATION.—

(1) ORIGINATING GOOD OR MATERIAL INCORPORATED INTO GOODS OF OTHER COUNTRY.—An originating good, or a material produced in the territory of Bahrain or the United States, or both, that is incorporated into a good in the territory of the other country shall be considered to originate in the territory of the other country.

(2) MULTIPLE PRODUCERS.—A good that is grown, produced, or manufactured in the territory of Bahrain or the United States, or both, by 1 or more producers, is an originating good if the good satisfies the requirements of subsection (b) and all other applicable requirements of this section.

## (d) VALUE OF MATERIALS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the value of a material produced in the territory of Bahrain or the United States, or both, includes the following:

(A) The price actually paid or payable for the material by the producer of the good.

(B) The freight, insurance, packing, and all other costs incurred in transporting the material to the producer's plant, if such costs are not included in the price referred to in subparagraph (A).

(C) The cost of waste or spoilage resulting from the use of the material in the growth, production, or manufacture of the good, less the value of recoverable scrap.

(D) Taxes or customs duties imposed on the material by Bahrain or the United States, or both, if the taxes or customs duties are not remitted upon exportation from the territory of Bahrain or the United States, as the case may be.

(2) EXCEPTION.—If the relationship between the producer of a good and the seller of a material influenced the price actually paid or payable for the material, or if there is no price actually paid or payable by the producer for the material, the value of the material produced in the territory of Bahrain or the United States, or both, includes the following:

(A) All expenses incurred in the growth, production, or manufacture of the material, including general expenses.

(B) A reasonable amount for profit.

(C) Freight, insurance, packing, and all other costs incurred in transporting the material to the producer's plant.

(e) PACKAGING AND PACKING MATERIALS AND CONTAINERS FOR RETAIL SALE AND FOR SHIPMENT.—Packaging and packing materials and containers for retail sale and shipment shall be disregarded in determining whether a good qualifies as an originating good, except to the extent that the value of such packaging and packing materials and containers has been included in meeting the requirements set forth in subsection (b)(2).

(f) INDIRECT MATERIALS.—Indirect materials shall be disregarded in determining whether a good qualifies as an originating good, except that the cost of such indirect materials may be included in meeting the requirements set forth in subsection (b)(2).

(g) TRANSIT AND TRANSSHIPMENT.—A good shall not be considered to meet the requirement of subsection (b)(1)(A) if, after exportation from the territory of Bahrain or the United States, the good undergoes production, manufacturing, or any other operation outside the territory of Bahrain or the United States, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of Bahrain or the United States.

## (h) TEXTILE AND APPAREL GOODS.—

(1) DE MINIMIS AMOUNTS OF NONORIGINATING MATERIALS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a textile or apparel good

that is not an originating good because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 3-A of the Agreement shall be considered to be an originating good if the total weight of all such fibers or yarns in that component is not more than 7 percent of the total weight of that component.

(B) CERTAIN TEXTILE OR APPAREL GOODS.—A textile or apparel good containing elastomeric yarns in the component of the good that determines the tariff classification of the good shall be considered to be an originating good only if such yarns are wholly formed in the territory of Bahrain or the United States.

(C) YARN, FABRIC, OR GROUP OF FIBERS.—For purposes of this paragraph, in the case of a textile or apparel good that is a yarn, fabric, or group of fibers, the term "component of the good that determines the tariff classification of the good" means all of the fibers in the yarn, fabric, or group of fibers.

(2) GOODS PUT UP IN SETS FOR RETAIL SALE.—Notwithstanding the rules set forth in Annex 3-A of the Agreement, textile or apparel goods classifiable as goods put up in sets for retail sale as provided for in General Rule of Interpretation 3 of the HTS shall not be considered to be originating goods unless each of the goods in the set is an originating good or the total value of the nonoriginating goods in the set does not exceed 10 percent of the value of the set determined for purposes of assessing customs duties.

## (i) DEFINITIONS.—In this section:

(1) DIRECT COSTS OF PROCESSING OPERATIONS.—

(A) IN GENERAL.—The term "direct costs of processing operations", with respect to a good, includes, to the extent they are includable in the appraised value of the good when imported into Bahrain or the United States, as the case may be, the following:

(i) All actual labor costs involved in the growth, production, or manufacture of the good, including fringe benefits, on-the-job training, and the cost of engineering, supervisory, quality control, and similar personnel.

(ii) Tools, dies, molds, and other indirect materials, and depreciation on machinery and equipment that are allocable to the good.

(iii) Research, development, design, engineering, and blueprint costs, to the extent that they are allocable to the good.

(iv) Costs of inspecting and testing the good.

(v) Costs of packaging the good for export to the territory of the other country.

(B) EXCEPTIONS.—The term "direct costs of processing operations" does not include costs that are not directly attributable to a good or are not costs of growth, production, or manufacture of the good, such as—

(i) profit; and

(ii) general expenses of doing business that are either not allocable to the good or are not related to the growth, production, or manufacture of the good, such as administrative salaries, casualty and liability insurance, advertising, and sales staff salaries, commissions, or expenses.

(2) GOOD.—The term "good" means any merchandise, product, article, or material.

(3) GOOD WHOLLY THE GROWTH, PRODUCT, OR MANUFACTURE OF BAHRAIN OR THE UNITED STATES, OR BOTH.—The term "good wholly the growth, product, or manufacture of Bahrain or the United States, or both" means—

(A) a mineral good extracted in the territory of Bahrain or the United States, or both;

(B) a vegetable good, as such a good is provided for in the HTS, harvested in the territory of Bahrain or the United States, or both;

(C) a live animal born and raised in the territory of Bahrain or the United States, or both;

(D) a good obtained from live animals raised in the territory of Bahrain or the United States, or both;

(E) a good obtained from hunting, trapping, or fishing in the territory of Bahrain or the United States, or both;

(F) a good (fish, shellfish, and other marine life) taken from the sea by vessels registered or recorded with Bahrain or the United States and flying the flag of that country;

(G) a good produced from goods referred to in subparagraph (F) on board factory ships registered or recorded with Bahrain or the United States and flying the flag of that country;

(H) a good taken by Bahrain or the United States or a person of Bahrain or the United States from the seabed or beneath the seabed outside territorial waters, if Bahrain or the United States, as the case may be, has rights to exploit such seabed;

(I) a good taken from outer space, if such good is obtained by Bahrain or the United States or a person of Bahrain or the United States and not processed in the territory of a country other than Bahrain or the United States;

(J) waste and scrap derived from—

(i) production or manufacture in the territory of Bahrain or the United States, or both; or

(ii) used goods collected in the territory of Bahrain or the United States, or both, if such goods are fit only for the recovery of raw materials;

(K) a recovered good derived in the territory of Bahrain or the United States from used goods and utilized in the territory of that country in the production of remanufactured goods; and

(L) a good produced in the territory of Bahrain or the United States, or both, exclusively—

(i) from goods referred to in subparagraphs (A) through (J), or

(ii) from the derivatives of goods referred to in clause (i), at any stage of production.

(4) INDIRECT MATERIAL.—The term "indirect material" means a good used in the growth, production, manufacture, testing, or inspection of a good but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the growth, production, or manufacture of a good, including—

(A) fuel and energy;

(B) tools, dies, and molds;

(C) spare parts and materials used in the maintenance of equipment and buildings;

(D) lubricants, greases, compounding materials, and other materials used in the growth, production, or manufacture of a good or used to operate equipment and buildings;

(E) gloves, glasses, footwear, clothing, safety equipment, and supplies;

(F) equipment, devices, and supplies used for testing or inspecting the good;

(G) catalysts and solvents; and

(H) any other goods that are not incorporated into the good but the use of which in the growth, production, or manufacture of the good can reasonably be demonstrated to be a part of that growth, production, or manufacture.

(5) MATERIAL.—The term "material" means a good, including a part or ingredient, that is used in the growth, production, or manufacture of another good that is a new or

different article of commerce that has been grown, produced, or manufactured in Bahrain or the United States, or both.

(6) MATERIAL PRODUCED IN THE TERRITORY OF BAHRAIN OR THE UNITED STATES, OR BOTH.—The term “material produced in the territory of Bahrain or the United States, or both” means a good that is either wholly the growth, product, or manufacture of Bahrain or the United States, or both, or a new or different article of commerce that has been grown, produced, or manufactured in the territory of Bahrain or the United States, or both.

(7) NEW OR DIFFERENT ARTICLE OF COMMERCE.—

(A) IN GENERAL.—The term “new or different article of commerce” means, except as provided in subparagraph (B), a good that—

(i) has been substantially transformed from a good or material that is not wholly the growth, product, or manufacture of Bahrain or the United States, or both; and

(ii) has a new name, character, or use distinct from the good or material from which it was transformed.

(B) EXCEPTION.—A good shall not be considered a new or different article of commerce by virtue of having undergone simple combining or packaging operations, or mere dilution with water or another substance that does not materially alter the characteristics of the good.

(8) RECOVERED GOODS.—The term “recovered goods” means materials in the form of individual parts that result from—

(A) the complete disassembly of used goods into individual parts; and

(B) the cleaning, inspecting, testing, or other processing of those parts that is necessary for improvement to sound working condition.

(9) REMANUFACTURED GOOD.—The term “remanufactured good” means an industrial good that is assembled in the territory of Bahrain or the United States and that—

(A) is entirely or partially comprised of recovered goods;

(B) has a similar life expectancy to, and meets similar performance standards as, a like good that is new; and

(C) enjoys a factory warranty similar to that of a like good that is new.

(10) SIMPLE COMBINING OR PACKAGING OPERATIONS.—The term “simple combining or packaging operations” means operations such as adding batteries to devices, fitting together a small number of components by bolting, gluing, or soldering, and repacking or packaging components together.

(11) SUBSTANTIALLY TRANSFORMED.—The term “substantially transformed” means, with respect to a good or material, changed as the result of a manufacturing or processing operation so that—

(A)(i) the good or material is converted from a good that has multiple uses into a good or material that has limited uses;

(ii) the physical properties of the good or material are changed to a significant extent; or

(iii) the operation undergone by the good or material is complex by reason of the number of different processes and materials involved and the time and level of skill required to perform those processes; and

(B) the good or material loses its separate identity in the manufacturing or processing operation.

(j) PRESIDENTIAL PROCLAMATION AUTHORITY.—

(1) IN GENERAL.—The President is authorized to proclaim, as part of the HTS—

(A) the provisions set forth in Annex 3-A and Annex 4-A of the Agreement; and

(B) any additional subordinate category that is necessary to carry out this title, consistent with the Agreement.

(2) MODIFICATIONS.—

(A) IN GENERAL.—Subject to the consultation and layover provisions of section 104, the President may proclaim modifications to the provisions proclaimed under the authority of paragraph (1)(A), other than provisions of chapters 50 through 63 of the HTS (as included in Annex 3-A of the Agreement).

(B) ADDITIONAL PROCLAMATIONS.—Notwithstanding subparagraph (A), and subject to the consultation and layover provisions of section 104, the President may proclaim—

(i) modifications to the provisions proclaimed under the authority of paragraph (1)(A) as are necessary to implement an agreement with Bahrain pursuant to article 3.2.5 of the Agreement; and

(ii) before the end of the 1-year period beginning on the date of the enactment of this Act, modifications to correct any typographical, clerical, or other nonsubstantive technical error regarding the provisions of chapters 50 through 63 of the HTS (as included in Annex 3-A of the Agreement).

#### SEC. 203. CUSTOMS USER FEES.

Section 13031(b) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)) is amended—

(1) in each of paragraphs (13) and (15), by moving the text 2 ems to the left; and

(2) by adding after paragraph (15) the following:

“(16) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Bahrain Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.”.

#### SEC. 204. ENFORCEMENT RELATING TO TRADE IN TEXTILE AND APPAREL GOODS.

(a) ACTION DURING VERIFICATION.—

(1) IN GENERAL.—If the Secretary of the Treasury requests the Government of Bahrain to conduct a verification pursuant to article 3.3 of the Agreement for purposes of making a determination under paragraph (2), the President may direct the Secretary to take appropriate action described in subsection (b) while the verification is being conducted.

(2) DETERMINATION.—A determination under this paragraph is a determination—

(A) that an exporter or producer in Bahrain is complying with applicable customs laws, regulations, procedures, requirements, or practices affecting trade in textile or apparel goods; or

(B) that a claim that a textile or apparel good exported or produced by such exporter or producer—

(i) qualifies as an originating good under section 202; or

(ii) is a good of Bahrain, is accurate.

(b) APPROPRIATE ACTION DESCRIBED.—Appropriate action under subsection (a)(1) includes—

(1) suspension of liquidation of the entry of any textile or apparel good exported or produced by the person that is the subject of a verification referred to in subsection (a)(1) regarding compliance described in subsection (a)(2)(A), in a case in which the request for verification was based on a reasonable suspicion of unlawful activity related to such good; and

(2) suspension of liquidation of the entry of a textile or apparel good for which a claim has been made that is the subject of a verification referred to in subsection (a)(1) regarding a claim described in subsection (a)(2)(B).

(c) ACTION WHEN INFORMATION IS INSUFFICIENT.—If the Secretary of the Treasury determines that the information obtained

within 12 months after making a request for a verification under subsection (a)(1) is insufficient to make a determination under subsection (a)(2), the President may direct the Secretary to take appropriate action described in subsection (d) until such time as the Secretary receives information sufficient to make a determination under subsection (a)(2) or until such earlier date as the President may direct.

(d) APPROPRIATE ACTION DESCRIBED.—Appropriate action referred to in subsection (c) includes—

(1) publication of the name and address of the person that is the subject of the verification;

(2) denial of preferential tariff treatment under the Agreement to—

(A) any textile or apparel good exported or produced by the person that is the subject of a verification referred to in subsection (a)(1) regarding compliance described in subsection (a)(2)(A); or

(B) a textile or apparel good for which a claim has been made that is the subject of a verification referred to in subsection (a)(1) regarding a claim described in subsection (a)(2)(B); and

(3) denial of entry into the United States of—

(A) any textile or apparel good exported or produced by the person that is the subject of a verification referred to in subsection (a)(1) regarding compliance described in subsection (a)(2)(A); or

(B) a textile or apparel good for which a claim has been made that is the subject of a verification referred to in subsection (a)(1) regarding a claim described in subsection (a)(2)(B).

#### SEC. 205. REGULATIONS.

The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out—

(1) subsections (a) through (i) of section 202;

(2) the amendment made by section 203(2); and

(3) proclamations issued under section 202(j).

### TITLE III—RELIEF FROM IMPORTS

#### SEC. 301. DEFINITIONS.

In this title:

(1) BAHRAIN ARTICLE.—The term “Bahraini article” means an article that—

(A) qualifies as an originating good under section 202(b); or

(B) receives preferential tariff treatment under paragraphs 8 through 11 of article 3.2 of the Agreement.

(2) BAHRAIN TEXTILE OR APPAREL ARTICLE.—The term “Bahraini textile or apparel article” means an article that—

(A) is listed in the Annex to the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)); and

(B) is a Bahraini article.

(3) COMMISSION.—The term “Commission” means the United States International Trade Commission.

#### Subtitle A—Relief From Imports Benefiting From the Agreement

#### SEC. 311. COMMENCING OF ACTION FOR RELIEF.

(a) FILING OF PETITION.—A petition requesting action under this subtitle for the purpose of adjusting to the obligations of the United States under the Agreement may be filed with the Commission by an entity, including a trade association, firm, certified or recognized union, or group of workers, that is representative of an industry. The Commission shall transmit a copy of any petition filed under this subsection to the United States Trade Representative.

(b) INVESTIGATION AND DETERMINATION.—Upon the filing of a petition under subsection (a), the Commission, unless subsection (d) applies, shall promptly initiate an investigation to determine whether, as a result of the reduction or elimination of a duty provided for under the Agreement, a Bahraini article is being imported into the United States in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that imports of the Bahraini article constitute a substantial cause of serious injury or threat thereof to the domestic industry producing an article that is like, or directly competitive with, the imported article.

(c) APPLICABLE PROVISIONS.—The following provisions of section 202 of the Trade Act of 1974 (19 U.S.C. 2252) apply with respect to any investigation initiated under subsection (b):

(1) Paragraphs (1)(B) and (3) of subsection (b).

(2) Subsection (c).

(3) Subsection (i).

(d) ARTICLES EXEMPT FROM INVESTIGATION.—No investigation may be initiated under this section with respect to any Bahraini article if, after the date on which the Agreement enters into force with respect to the United States, import relief has been provided with respect to that Bahraini article under this subtitle.

#### SEC. 312. COMMISSION ACTION ON PETITION.

(a) DETERMINATION.—Not later than 120 days after the date on which an investigation is initiated under section 311(b) with respect to a petition, the Commission shall make the determination required under that section.

(b) APPLICABLE PROVISIONS.—For purposes of this subtitle, the provisions of paragraphs (1), (2), and (3) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)(1), (2), and (3)) shall be applied with respect to determinations and findings made under this section as if such determinations and findings were made under section 202 of the Trade Act of 1974 (19 U.S.C. 2252).

(c) ADDITIONAL FINDING AND RECOMMENDATION IF DETERMINATION AFFIRMATIVE.—

(1) IN GENERAL.—If the determination made by the Commission under subsection (a) with respect to imports of an article is affirmative, or if the President may consider a determination of the Commission to be an affirmative determination as provided for under paragraph (1) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)(1)), the Commission shall find, and recommend to the President in the report required under subsection (d), the amount of import relief that is necessary to remedy or prevent the injury found by the Commission in the determination and to facilitate the efforts of the domestic industry to make a positive adjustment to import competition.

(2) LIMITATION ON RELIEF.—The import relief recommended by the Commission under this subsection shall be limited to that described in section 313(c).

(3) VOTING; SEPARATE VIEWS.—Only those members of the Commission who voted in the affirmative under subsection (a) are eligible to vote on the proposed action to remedy or prevent the injury found by the Commission. Members of the Commission who did not vote in the affirmative may submit, in the report required under subsection (d), separate views regarding what action, if any, should be taken to remedy or prevent the injury.

(d) REPORT TO PRESIDENT.—Not later than the date that is 30 days after the date on which a determination is made under subsection (a) with respect to an investigation, the Commission shall submit to the President a report that includes—

(1) the determination made under subsection (a) and an explanation of the basis for the determination;

(2) if the determination under subsection (a) is affirmative, any findings and recommendations for import relief made under subsection (c) and an explanation of the basis for each recommendation; and

(3) any dissenting or separate views by members of the Commission regarding the determination and recommendation referred to in paragraphs (1) and (2).

(e) PUBLIC NOTICE.—Upon submitting a report to the President under subsection (d), the Commission shall promptly make public such report (with the exception of information which the Commission determines to be confidential) and shall cause a summary thereof to be published in the Federal Register.

#### SEC. 313. PROVISION OF RELIEF.

(a) IN GENERAL.—Not later than the date that is 30 days after the date on which the President receives the report of the Commission in which the Commission's determination under section 312(a) is affirmative, or which contains a determination under section 312(a) that the President considers to be affirmative under paragraph (1) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)(1)), the President, subject to subsection (b), shall provide relief from imports of the article that is the subject of such determination to the extent that the President determines necessary to remedy or prevent the injury found by the Commission and to facilitate the efforts of the domestic industry to make a positive adjustment to import competition.

(b) EXCEPTION.—The President is not required to provide import relief under this section if the President determines that the provision of the import relief will not provide greater economic and social benefits than costs.

(c) NATURE OF RELIEF.—

(1) IN GENERAL.—The import relief that the President is authorized to provide under this section with respect to imports of an article is as follows:

(A) The suspension of any further reduction provided for under Annex 2-B of the Agreement in the duty imposed on such article.

(B) An increase in the rate of duty imposed on such article to a level that does not exceed the lesser of—

(i) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided; or

(ii) the column 1 general rate of duty imposed under the HTS on like articles on the day before the date on which the Agreement enters into force.

(2) PROGRESSIVE LIBERALIZATION.—If the period for which import relief is provided under this section is greater than 1 year, the President shall provide for the progressive liberalization of such relief at regular intervals during the period in which the relief is in effect.

(d) PERIOD OF RELIEF.—

(1) IN GENERAL.—Subject to paragraph (2), any import relief that the President provides under this section may not, in the aggregate, be in effect for more than 3 years.

(2) EXTENSION.—

(A) IN GENERAL.—If the initial period for any import relief provided under this section is less than 3 years, the President, after receiving a determination from the Commission under subparagraph (B) that is affirmative, or which the President considers to be affirmative under paragraph (1) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)(1)), may extend the effective period of any import relief provided under this sec-

tion, subject to the limitation under paragraph (1), if the President determines that—

(i) the import relief continues to be necessary to remedy or prevent serious injury and to facilitate adjustment by the domestic industry to import competition; and

(ii) there is evidence that the industry is making a positive adjustment to import competition.

(B) ACTION BY COMMISSION.—

(i) INVESTIGATION.—Upon a petition on behalf of the industry concerned that is filed with the Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the date any action taken under subsection (a) is to terminate, the Commission shall conduct an investigation to determine whether action under this section continues to be necessary to remedy or prevent serious injury and to facilitate adjustment by the domestic industry to import competition and whether there is evidence that the industry is making a positive adjustment to import competition.

(ii) NOTICE AND HEARING.—The Commission shall publish notice of the commencement of any proceeding under this subparagraph in the Federal Register and shall, within a reasonable time thereafter, hold a public hearing at which the Commission shall afford interested parties and consumers an opportunity to be present, to present evidence, and to respond to the presentations of other parties and consumers, and otherwise to be heard.

(iii) REPORT.—The Commission shall transmit to the President a report on its investigation and determination under this subparagraph not later than 60 days before the action under subsection (a) is to terminate, unless the President specifies a different date.

(e) RATE AFTER TERMINATION OF IMPORT RELIEF.—When import relief under this section is terminated with respect to an article, the rate of duty on that article shall be the rate that would have been in effect, but for the provision of such relief, on the date on which the relief terminates.

(f) ARTICLES EXEMPT FROM RELIEF.—No import relief may be provided under this section on any article that has been subject to import relief under this subtitle after the date on which the Agreement enters into force.

#### SEC. 314. TERMINATION OF RELIEF AUTHORITY.

(a) GENERAL RULE.—Subject to subsection (b), no import relief may be provided under this subtitle after the date that is 10 years after the date on which the Agreement enters into force.

(b) PRESIDENTIAL DETERMINATION.—Import relief may be provided under this subtitle in the case of a Bahraini article after the date on which such relief would, but for this subsection, terminate under subsection (a), if the President determines that Bahrain has consented to such relief.

#### SEC. 315. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), any import relief provided by the President under section 313 shall be treated as action taken under chapter 1 of title II of such Act (19 U.S.C. 2251 et seq.).

#### SEC. 316. CONFIDENTIAL BUSINESS INFORMATION.

Section 202(a)(8) of the Trade Act of 1974 (19 U.S.C. 2252(a)(8)) is amended in the first sentence—

(1) by striking “and”;

(2) by inserting before the period at the end “, and title III of the United States-Bahrain Free Trade Agreement Implementation Act”.

### Subtitle B—Textile and Apparel Safeguard Measures

#### SEC. 321. COMMENCEMENT OF ACTION FOR RELIEF.

(a) IN GENERAL.—A request under this subtitle for the purpose of adjusting to the obligations of the United States under the Agreement may be filed with the President by an interested party. Upon the filing of a request, the President shall review the request to determine, from information presented in the request, whether to commence consideration of the request.

(b) PUBLICATION OF REQUEST.—If the President determines that the request under subsection (a) provides the information necessary for the request to be considered, the President shall cause to be published in the Federal Register a notice of commencement of consideration of the request, and notice seeking public comments regarding the request. The notice shall include a summary of the request and the dates by which comments and rebuttals must be received.

#### SEC. 322. DETERMINATION AND PROVISION OF RELIEF.

(a) DETERMINATION.—

(1) IN GENERAL.—If a positive determination is made under section 321(b), the President shall determine whether, as a result of the reduction or elimination of a duty under the Agreement, a Bahraini textile or apparel article is being imported into the United States in such increased quantities, in absolute terms or relative to the domestic market for that article, and under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing an article that is like, or directly competitive with, the imported article.

(2) SERIOUS DAMAGE.—In making a determination under paragraph (1), the President—

(A) shall examine the effect of increased imports on the domestic industry, as reflected in changes in such relevant economic factors as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits, and investment, none of which is necessarily decisive; and

(B) shall not consider changes in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof.

(b) PROVISION OF RELIEF.—

(1) IN GENERAL.—If a determination under subsection (a) is affirmative, the President may provide relief from imports of the article that is the subject of such determination, as described in paragraph (2), to the extent that the President determines necessary to remedy or prevent the serious damage and to facilitate adjustment by the domestic industry to import competition.

(2) NATURE OF RELIEF.—The relief that the President is authorized to provide under this subsection with respect to imports of an article is an increase in the rate of duty imposed on the article to a level that does not exceed the lesser of—

(A) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided; or

(B) the column 1 general rate of duty imposed under the HTS on like articles on the day before the date on which the Agreement enters into force.

#### SEC. 323. PERIOD OF RELIEF.

(a) IN GENERAL.—Subject to subsection (b), any import relief that the President provides under subsection (b) of section 322 may not, in the aggregate, be in effect for more than 3 years.

(b) EXTENSION.—If the initial period for any import relief provided under section 322 is less than 3 years, the President may extend

the effective period of any import relief provided under that section, subject to the limitation set forth in subsection (a), if the President determines that—

(1) the import relief continues to be necessary to remedy or prevent serious damage and to facilitate adjustment by the domestic industry to import competition; and

(2) there is evidence that the industry is making a positive adjustment to import competition.

#### SEC. 324. ARTICLES EXEMPT FROM RELIEF.

The President may not provide import relief under this subtitle with respect to any article if—

(1) the article has been subject to import relief under this subtitle after the date on which the Agreement enters into force; or

(2) the article is subject to import relief under chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.).

#### SEC. 325. RATE AFTER TERMINATION OF IMPORT RELIEF.

When import relief under this subtitle is terminated with respect to an article, the rate of duty on that article shall be the rate that would have been in effect, but for the provision of such relief, on the date on which the relief terminates.

#### SEC. 326. TERMINATION OF RELIEF AUTHORITY.

No import relief may be provided under this subtitle with respect to any article after the date that is 10 years after the date on which duties on the article are eliminated pursuant to the Agreement.

#### SEC. 327. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), any import relief provided by the President under this subtitle shall be treated as action taken under chapter 1 of title II of such Act.

#### SEC. 328. CONFIDENTIAL BUSINESS INFORMATION.

The President may not release information that is submitted in a proceeding under this subtitle and that the President considers to be confidential business information unless the party submitting the confidential business information had notice, at the time of submission, that such information would be released, or such party subsequently consents to the release of the information. To the extent a party submits confidential business information to the President in a proceeding under this subtitle, the party shall also submit a nonconfidential version of the information, in which the confidential business information is summarized or, if necessary, deleted.

### TITLE IV—PROCUREMENT

#### SEC. 401. ELIGIBLE PRODUCTS.

Section 308(4)(A) of the Trade Agreements Act of 1979 (19 U.S.C. 2518(4)(A)) is amended—

(1) by striking “or” at the end of clause (iii);

(2) by striking the period at the end of clause (iv) and inserting “; or”; and

(3) by adding at the end the following new clause:

“(v) a party to a free trade agreement that entered into force with respect to the United States after December 31, 2005, and before July 2, 2006, a product or service of that country or instrumentality which is covered under the free trade agreement for procurement by the United States.”.

The SPEAKER pro tempore. Pursuant to House Resolution 583, the gentleman from Florida (Mr. SHAW) and the gentleman from New York (Mr. RANGEL) each will control 1 hour.

The Chair recognizes the gentleman from Florida.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House considers the United States-Bahrain Free Trade Agreement Implementation Act. I am pleased my friend and ranking member of the Trade Subcommittee (Mr. CARDIN), as well as Mr. RANGEL, has joined me in supporting this agreement. It is tremendously important that our trade agenda remain on track and that we seek bipartisan support in accomplishing this goal.

The administration has publicly stated its commitment to the Middle East free trade area by the year 2013.

□ 1515

This agreement takes a key step in moving towards this goal. Political and economic progress continue to take shape in the Middle East. And by approving this agreement, the United States shows its support for our ally, Bahrain, and for the ideal of promoting open markets with leading reforms.

The Office of the United States Trade Representative has negotiated an agreement that, in my view, will serve as a model for the region. Upon implementation, all bilateral trade and consumer and industrial products will become duty free. All agricultural products are covered by the agreement. It will allow for immediate duty-free access for United States agricultural exports in 98 percent of the agricultural categories with a few remaining categories phased out over the next 10 years.

In addition, the commitments to this agreement relating to services are the strongest in any United States free trade agreement to date. Finally, I want to recognize the actions taken by Bahrain to eliminate all aspects of the Arab League boycott of the State of Israel.

Bahrain took the commendable step of writing to Ambassador Portman to reiterate its commitment on this issue. Bahrain has ended the secondary and tertiary aspects of the boycott, dismantled all aspects of the primary boycott, and is fully committed to complying with World Trade Organization requirements.

In addition to these actions by Bahrain, I am also pleased with the commitment that the U.S. Trade Representative made to me during the committee's consideration of this agreement to report annually on the status of the Arab League boycott and efforts to dismantle it in Bahrain and all other countries where it has been applied.

Mr. Speaker, I submit for printing in the RECORD a letter from Bahrain's finance minister to Ambassador Portman relating to this issue.

KINGDOM OF BAHRAIN, MINISTRY OF  
FINANCE, MINISTER'S OFFICE,

September 5, 2005.

Hon. ROBERT PORTMAN,  
U.S. Trade Representative,  
Washington, DC.

DEAR AMBASSADOR PORTMAN: Please accept my congratulations on your recent appointment to serve as the U.S. Trade Representative. I look forward to meeting with you



soon to discuss our mutual interest in strengthening trade relations between the Kingdom of Bahrain and the United States.

It has come to my attention that questions have arisen regarding any secondary and tertiary boycotts related to Israel.

Following a decision of the Arab League in 1963 and prior to Bahrain's independence, the Bahrain government issued Law No. 5 of 1963 (Finance) which established the Boycott of Israel Office.

In 1994, the Kingdom of Bahrain eliminated all aspects of secondary and tertiary boycotts which extended to businesses which had relations with Israeli companies and businesses. Attached please find a copy of the memorandum recently sent to all Bahrain Ministries reminding them that the secondary and tertiary boycotts are null and void.

In the hope of advancing peace and regional cooperation, the Kingdom of Bahrain recognizes the need to dismantle the primary Boycott of Israel and is beginning efforts to achieve that goal.

As founding members of the World Trade Organization (WTO), the Kingdom of Bahrain is fully committed to complying with WTO requirements. Bahrain has no restrictions whatsoever on American companies trading with Bahrain or doing business in Bahrain, regardless of its ownership or relations with Israeli companies.

Finally, it is Bahrain's sincerest hope that our Free Trade Agreement with the United States will enhance efforts to achieve a real and lasting peace in the Middle East.

Yours sincerely,

AHMED BIN MOHAMMED AL KHALIFA,

*Minister of Finance.*

Mr. Speaker, the United States needs allies in the Middle East. Bahrain has stepped up to the plate in so many ways. Let me state them. As the home of our United States Navy's 5th Fleet, as a key ally in the war on terror, and by promoting an open and transparent market that will benefit our overall bilateral relationship.

Open and free trade with Bahrain will prove beneficial, both in the short run, and especially over time. We will witness a Nation leading a region of the world towards openness with the United States and doing it through trade.

Through these ties, I firmly believe that this agreement will advance the development of Democratic principles throughout that region.

Mr. Speaker, I thank my Ways and Means colleagues for moving this agreement to the floor for today's consideration. I especially want to recognize the efforts of the gentleman from Wisconsin (Mr. RYAN) and the gentleman from New York (Mr. MEEKS) for their commitment to seeing a United States-Bahrain free trade agreement come to fruition.

As co-chairs of the U.S.-Bahrain Congressional Caucus, they educated and provided key information to Members and staff in anticipation of this floor vote. I want to thank them publicly for their efforts.

Mr. Speaker, the agreement before us today is right for America for economic and strategic reasons. We must ensure that we support our allies in the Middle East. By opening markets, we empower people to reap the benefits of economic freedom.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think working out the details in this bill is a classic example as to how we can be bipartisan when we really try. There is no question that foreign policy and trade should not be a Republican or Democratic issue.

And the gentleman from Maryland (Mr. CARDIN) made up his mind that we were going to stick to it to make certain that some of our concerns about the basic protection of workers was going to be included in the bill. And while the language is not specifically in the bill, in talking with the representatives from the Bahrain government, especially the ambassador that showed us a sincere desire to make certain that he accommodated not Republicans or Democrats, but his respect for this body, we were able to persuade most of the Members on our side that this was something worth doing, not only because of economic reasons, but because of the courageous acts that were taken in the Middle East by this very small country.

Mr. Speaker, I yield 30 minutes to the distinguished gentlemen from California (Mr. STARK) and request unanimous consent that he be allowed to manage the time.

The SPEAKER pro tempore (Mr. SIMPSON). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the distinguished gentleman from Maryland (Mr. CARDIN) and request unanimous consent that he be allowed to yield time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. Mr. Speaker, in closing, though, I would also like to point out that the gentleman from Wisconsin (Mr. RYAN), a junior Member of the committee, spent considerable time working with us and working with us through the United States Trade Representative in order to make certain that we reached this conclusion, and I will be supporting this piece of legislation.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

(Mr. STARK asked and was given permission to revise and extend his remarks.)

Mr. STARK. Mr. Speaker, the first thing is, here we go again. If we are rewarding an ally for helping us in Iraq, where I understand there are no Bahrainian troops, but we have got a Navy base. Well, if we are paying off for a Navy base, how about Cuba? Why do we not throw these guys in? I think we have got a big base in Cuba where we are torturing prisoners, so why not toss them in if that is the reason for going into this free trade agreement.

The problem with the Bahrain Free Trade Agreement is the same ones that

we have had with Australia, Morocco, CAFTA. And the administration keeps sending the same flawed arguments and agreements.

I have supported trade. But it has got to be fair before it can be free. And unfortunately, this administration does not see it that way. Like our recent free trade agreements, it fails to promote basic labor rights, environmental standards, and is a payback or a sell out to PhRMA for letting the pharmaceutical industry write into these agreements wording that extends their patents and extends the time before generic medicines are available.

Now, it may be that Bahrain is somewhat richer than other nations and can wait longer, but it is a bad policy. You are going to hear today about Bahrain's labor rights. That is great. But it does not hold them responsible for maintaining those improvements. It is sort of enforce your own laws, and Bahrain could change those laws tomorrow.

The same hollow standards apply to environmental protections. They could be changed. My 10-year-old son wishes that he could have enforce his own bed time. But that is not the way it works, Mr. Speaker. Until the core international labor organizations standards and strong environmental protections are included in the text of the agreement, we should all vote against these free trade agreements.

If you trust the administration to tell you the truth, maybe you could vote for it then. But I think recent experience in the war, in torture, and other instances have shown us that those assertions are subject to question by reasonable people.

So this agreement, like many other bills, helps Big Pharma. It does not do much for labor. It does nothing to assure us that we will have environmental safety in Bahrain should they, God help us, ever run out of oil. And it seems to me that we are giving away a lot of our American rights. And I urge any of you just to remember the disagreement we had many years ago over China.

And many of us said, the minute you give permanent most favored nation to China, you will never again be able to negotiate with them. Look at the footage when our delegation was in China and the hands that went in front of the cameras as China prohibits free and open press coverage of what goes on there.

Until we are ready to get fair exchange for these free trade agreements, we are selling our American heritage. I urge a no vote on the Bahrain Free Trade Agreement.

Mr. Speaker, I reserve the balance of my time.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. RYAN) who I referred to in my opening remarks, a member of the Ways and Means Committee.

Mr. RYAN of Wisconsin. Mr. Speaker, I thank the chairman for yielding, and

for his hard work on this. Also I want to start off, Mr. Speaker, by thanking the Democrats on the committee for working so hard and diligently with us.

This is a bipartisan bill. This is a bipartisan trade agreement. We will see votes from a lot of Democrats and a lot of Republicans when this comes to a vote. Why is that? Mr. Speaker, I think this is a very important step in the right direction for our country. This is a very important precedent-making event. What we are accomplishing here is the first trade agreement in this region since the 9/11 Commission published their findings, since we launched the Middle East Free Trade Area Initiative, since 9/11.

Now, let us just say it is controversial what our country is doing in Iraq. I think it is safe to say that. That is a part of our war on terror, has controversy. Well, what are we trying to accomplish there? We believe that freedom and democracy are the best ultimate tools in the war on terrorism. We believe that our children and grandchildren will be more safe and secure here in America and around the world, if other people are free, if other people have the ability to determine their own destiny and their own futures.

What does this have to do with that? A trade agreement with the United States with these countries, with Bahrain, in particular, helps secure that future. By seeing the leadership of Bahrain, the first country in the Gulf to do this, gravitating and taking the leadership, for rule of law, transparency in its legislature, changing its government to a constitutional monarchy, having a directly representative parliament, giving women the right to vote, given women elected positions in government, giving women elected positions in the ministry, in the cabinet level, having the rule of law, having transparency, all of those things are the necessary and key foundations and building blocks to freedom and democracy.

That is ultimately how we win against the war on terrorism. This is the way we do it on a bipartisan basis. This is the opportunity for Republicans and Democrats to go forward with one voice, one face, one message as Americans going overseas, going forward confidently to win the war on terror and help encourage the spread of freedom and democracy. That is why this is an important trade agreement.

Is Bahrain significant from an economic value? It is a small country relative to other economic trade partners. Is this trade agreement in and of itself a good deal for us? Absolutely. Zero tariffs on manufactured goods. Zero tariffs on our agricultural goods. Fair trade rules. This agreement improves labor standards.

The Bahrainis have already shown leadership in their region in this area. In 2000, they passed a very sweeping labor reform law. They have since committed to passing even more sweeping labor reform laws. So we are already

seeing tremendous progress being made. This is a country, Mr. Speaker, that has really shown leadership in this region against the grain, against pressure from their neighbors across the causeway in Saudi Arabia and elsewhere in the Gulf.

This is a country that has been our friend and ally for over 100 years, that has hosted our 5th Fleet naval base from which we do all of our Naval operations in the Iraqi theatre, in the Afghani theatre, come from Bahrain, from our 5th Fleet.

This is a country that has stood with the United States through thick and then in helping us stop money laundering for terrorists, in helping us with our military, in standing with us for democracy in the Middle East. It is an important ally. It is an ally that has done a lot, that has shown leadership, that has risked a lot to stand with us for democracy and freedom, that is gravitating towards these kinds of reforms.

The vision that this trade agreement represents, Mr. Speaker, is a vision of spreading trade, free markets, capitalism and democracy and freedom throughout the greater Middle East. This is the road map to the future of the Middle East.

And that is why it is so important. This is a bipartisan movement. That is why I just want to say one more time how thankful I am to the ranking member of the Ways and Means Committee, the gentleman from New York (Mr. RANGEL) for working very hard to meet this agreement, and the gentleman from Maryland (Mr. CARDIN) as well, for working hard to meet this agreement so that we can stand here today as Republicans and Democrats in favor of this very important trade agreement.

□ 1530

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to rise today in support of the U.S.-Bahrain Free Trade Agreement. This agreement reflects a bipartisan effort to make a deal that is worthy of broad support both in terms of the process used and the substance of the agreement.

I want to thank the gentleman from Florida (Mr. SHAW) for his help in this agreement. I want to thank the gentleman from Wisconsin (Mr. RYAN) for his persistence in keeping us focused on getting this agreement completed this year. I want to thank the gentleman from New York (Mr. RANGEL) for his help with the USTR and with the administration in pointing out the importance of making some additional changes. I thank the gentleman from Michigan (Mr. LEVIN) for his contributions in regards to this bill.

As you know, Mr. Speaker, Congress uses an expedited process when it considers trade agreements. As a result, Congress gives up a lot of its prerogatives, and it is absolutely critical that in giving up these prerogatives that

the administration consult and work very closely with the Members of Congress on both sides of the aisle in negotiating, entering into, and submitting to Congress the implementing legislation.

Well, in regards to the U.S.-Bahrainian agreement, much of the work was done prior to the beginning of this year; and, quite frankly, there was not as close a relationship with Congress as I wanted to see. There were things that were not complete then when the agreement itself had been finished. But thanks to Ambassador Portman, thanks to the help from the majority side, we were able to continue consultation with Congress on both sides of the aisle prior to the submission of the implementing legislation.

As a result, we now have an agreement that incorporates the important provisions that deal with worker rights as well as dealing with the issue of the boycott against Israel; and I want to compliment the process and the manner in which we have been able to complete this agreement.

On substance, the U.S.-Bahrain Free Trade Agreement is a good agreement for several reasons. First, the agreement provides substantial market access for U.S. service providers, immediate duty-free treatment for all currently traded consumer and industrial products, and duty-free treatment of nearly all U.S. agricultural exports.

This is a good model for other agreements in the region and around the world.

Second, Bahrain has taken truly historic steps by disavowing all aspects of the Arab League boycott against Israel. Not only the primary, but the secondary and tertiary boycotts. This should be the template that we use in all negotiations and free trade agreements in that region. That is exactly what the United States should be demanding.

The third reason why this is a good agreement is that Bahrain has adopted major reforms in its labor code and is committed to making further reforms. In 2002 Bahrain enacted legislation that for the first time gave workers in Bahrain the right to belong to trade unions and to strike.

Last month in an exchange of letters with the United States Government, the government of Bahrain made several additional commitments that would ensure its laws are in full compliance with basic international standards.

Mr. Speaker, let me just point out that the process we use is that we identified certain weaknesses in the operation of the Bahrainian reform laws as it related to workers' rights. Bahrain now is committed by letter and interpretation to comply fully with the ILO standards in four of those areas. There are two additional areas that really require consultation with the union because they only have a single union, and under ILO standards they need to have multiple unions and need legislation to be enacted.



Bahrain had filed earlier this week two of those laws to make it clear that it is not only going to be the manner in which the government enforces the laws, but the underlying laws themselves will be in compliance with ILO standards. We also are permitted under this agreement to use the agreement in the event that we believe that they have not carried out their commitment. So this does reflect what we should be doing on workers' rights.

We can consider a matter arising under the FTA labor chapter if in fact Bahrain does not carry out its commitments as spelled out in the exchange of letters. This will allow the United States to initiate formal consultation with Bahrain on these commitments on the procedures outlined in article 15.6 of the agreement.

Finally, the USTR is committed to report periodically to Congress on Bahrain's fulfillment of its labor commitments. The USTR is further prepared to invoke article 15.6 procedures if Bahrain fails to carry out any of these commitments.

Mr. Speaker, I would note that the Bahrainian actions stand in contrast to some of the CAFTA countries that actually weakened or proposed weakening their laws after the CAFTA agreement was signed. Unlike the CAFTA countries, Bahrain is a country that is heading in the right direction with regards to labor reforms.

For all of these reasons and for the reasons that have been outlined by my colleagues, I would urge my colleagues to support this agreement. It opens up a market in a very important part of the world. It offers us a template for moving forward in the Middle East by using economics to bring peace and prosperity to that region, which is clearly in the interest of the United States.

Mr. Speaker, I reserve the balance of my time.

Mr. STARK. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. BROWN), a colleague nominated for the Nobel Prize in literature for his best selling book "The Myth of Free Trade," also an author who understands that the King of Bahrain was not elected. I do not care what kind of a democracy it is, kings do not get elected. And if my good friend from Wisconsin had suggested that we could take our troops out of Iraq immediately and substitute this cockamamie free trade agreement, I would join with him in that, but I am not sure that that is what he thought.

Mr. BROWN of Ohio. Mr. Speaker, I thank my friend from California (Mr. STARK) for his leadership on the Ways and Means Committee on trade issues and especially on health care issues.

I today rise to announce that I will reluctantly vote against the Bahrain Free Trade Agreement. Unfortunately, despite the tough battle in this institution over the Central American Free Trade agreement, very little has changed. It is too bad because this

agreement could have been a step forward, but it is the same rubber-stamp trade template this administration refuses to alter. People praise U.S. Trade Representative Portman for being a nice guy, which he is. They praise him for his good manners and intelligence and straightforwardness, all of which he deserves. He comes to the Hill and talks to Democrats occasionally and says he wants to work with us.

But then when you look at the text of the Bahrain Trade Agreement, labor and environmental provisions are again given short shrift. Meanwhile, intellectual property protections, financial protections are as strong as ever. We continue to protect corporate interests without protecting workers. We continue to protect drug company interests without protecting the environment. We continue to protect financial institutions without protecting food safety laws.

When I first ran for Congress in 1992, our country had a trade deficit of \$38 billion. A dozen years later, last year in 2004, our trade deficit was \$618 billion. In this year, by the end of the year, it will probably exceed \$700 billion. From \$38 billion to \$618 billion to \$700-plus billion in less than a decade and a half. The deficit with China alone will approach \$200 billion this year.

Many of our trading partners succeed because they use forced labor, child labor, sweatshop labor. They do not have the environmental protections and health regulations we enjoy in the United States. Other countries like China and Japan manipulate currency to their advantage. They do not play fair. The United States again loses.

I would like to caution my colleagues, just because USTR is giving us major face time on Capitol Hill does not mean they are actually listening to what we are saying. The overwhelming majority of Members of this Congress support strong labor and environmental standards for trade agreement. We know that because they were in the core text of the Jordan Trade Agreement which passed by a voice vote. I was sitting on the House floor at the time. No one, no one voiced opposition to the Jordan Free Trade Agreement which included those core labor and environmental standards.

But today the template is always the same. The Bush administration changes nothing. Every trade agreement, every trade agreement we voted on since Jordan has been a step back and there is no indication that the administration even cares about that. So do not be fooled by smiling faces and hollow pledges. Until the text of these agreements contain the same protections for labor and the environment, the same protections for labor and the environment as these agreements always include for multi-national corporations and the drug industry, the pharmaceutical industry, we should stand against them.

We all remember in July, in the middle of the night, we remember passing

the Central American Free Trade Agreement. Same old story. The debate took place late. The votes were cast in the middle of the night. The roll call was kept open for over an hour. Republican Members had their arms twisted. Some, perhaps, were bribed. Perhaps, we do not really know that. Some may have been bribed. Some were certainly offered little goodies or at least given threats if they did not change their vote. We know all that. To pass CAFTA they had to do that in the middle of the night.

It passed by two votes. If one Member had not switched a vote, it would have been tied. It would have been defeated.

We heard the same promises on CAFTA as we hear today. More jobs, better everything for the developing world.

After hearing all of that for CAFTA, let me just quote from the Boston Globe. The headline was: "CAFTA Blamed For Layoffs At Edenton Textile Plant." Edenton, North Carolina. More than 200 employees will lose their jobs at an Edenton manufacturing plant when the company moves most of its operations to Central America in the coming year. Edenton Town Manager Anne-Marie Knighton said the decision by the Moore Company is the result of the recently adopted Central American Free Trade Agreement.

It did not take long for CAFTA to begin to cost us jobs. We hear the same promises in Bahrain as we heard on CAFTA, the same promises on CAFTA that we heard about China, the same promises on China as we heard about NAFTA.

If the administration continues on its current course, we can count on a few things for certain. Our trade deficit will skyrocket and more U.S. jobs will be outsourced.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from California (Mr. STARK) mentioned that we were trying to reward our friends in some way. And we hear from the gentleman who just left the well about CAFTA and going back and rehashing CAFTA, talking about votes in the middle of the night.

I would like to pose this question: What is wrong with trying to reward our friends? That is who we want to promote business with is our friends. There is nothing in the world wrong with that and we should do that.

I would also like to point out when he was talking about votes in the middle of the night, it is now 3:40 Eastern Standard Time, the sun is shining brightly, and it is a beautiful day.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. ROS-LEHTINEN) who is the chairman of the Subcommittee on the Middle East and Asia.

Ms. ROS-LEHTINEN. Mr. Speaker, I thank the gentleman for his leadership on all the free trade agreements and his leadership on so many difficult issues.

I rise in strong support of the U.S.-Bahrain Free Trade Agreement. This FTA represents an important step toward a more prosperous and economically vibrant Middle East. The broad scope of this agreement and its consideration for environment and labor standards, as well as provisions that address other foreign policy concerns, makes the U.S.-Bahrain agreement an important model for future FTAs.

This agreement encompasses more than just economics. It also reflects a broader commitment to an ally that hosts the fifth fleet of the U.S. Navy and has assisted us here in the United States in our pursuit of al Qaeda and other Islamic extremist organizations.

Additionally, it highlights and rewards Bahrain's reform efforts thus far, as illustrated by the elections held in 2002 in which women fully participated and by Bahrain's consistent rating by the Heritage Foundation as the freest economy in the Middle East.

Bahrain's recent decision to pull out of the Arab League boycott of Israel also represents the government's rejection of intolerance and anti-Semitism and its commitment to fully integrate into the world economy.

To affirm this commitment and establish a positive precedent for the future of FTAs with countries in the region, rejection of the Arab League boycott of Israel is incorporated as a provision of the U.S.-Bahrain FTA. While significant strides have been made by Bahrain, I hope this agreement serves as a catalyst for further reforms, because they are needed to address the remaining concerns over its human rights records, starting with the reopening of the Bahrain Center For Human Rights.

□ 1545

Mr. Speaker, according to the 9/11 Commission report, economic reforms will be vital in transforming the Middle East into a region which rejects despotism and terrorism and, instead, embraces freedom and democracy. This FTA strikes at the heart of that.

Mr. CARDIN. Mr. Speaker, I am pleased to yield 7 minutes to my colleague from Michigan (Mr. LEVIN) who has been one of the leading members of the Ways and Means Committee and the Trade Subcommittee on insisting that trade agreements include protection for workers' rights.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I thank the gentleman from Maryland (Mr. CARDIN) for the time.

Workers rights matter to the rules of competition negotiated in trade agreements.

In order to make globalization work, and I emphasize this, its benefits must flow broadly among the majority of the population, not flow to the top and merely trickle down to the rest.

To spread the benefits of globalization, workers must have inter-

nationally recognized core labor rights: prohibitions on child labor, forced labor and discrimination, and importantly, the right of workers to associate and bargain collectively so they can advance their economic interests.

This is not a pro-versus-anti-trade view. It is a view of how to expand trade in a way to spread its benefits among the population, stimulate, where it does not exist, a strong middle class necessary for a Nation's stability and, yes, the development of its democracy, provide U.S. workers with a more level playing field, and create markets of consumers with the income of other countries to buy our products.

Each trade agreement presents its own challenges and opportunities. Unfortunately, the Bush administration has insisted on using a misguided, cookie-cutter approach as to the basic standard on worker rights, saying to our trading partners simply "enforce your own laws."

Where internationally recognized standards of workers rights were well-established in law, in practice, in a Nation's history so that there was unlikely a retreat, many of us voted yes: Chile, Singapore, Morocco. But we always warned that "enforce your own laws" as a standard was fundamentally an inappropriate approach and would be subject to misuse and abuse if adopted in the future under very different circumstances. That was vividly true in CAFTA, regarding the rights and position of workers. There were major gaps in the laws, in actual practices and in the socioeconomic dynamic of those Nations. So we, in the Democratic party, overwhelmingly voted no.

We insisted that an unbalanced framework for expanded globalization would in Central America lead to further poverty, further insecurity and hinder democratic development.

When the administration began to negotiate an FTA with Bahrain, it was clear that there existed issues unrelated to economic globalization which, if negotiated effectively, would militate in favor of approval of an FTA.

Those included the end of the boycott of Israel and its impact on the movement towards security and potential peace in the Middle East and American diplomatic relations with a Nation moving faster than many others in the Middle East towards democratic processes.

Also, Bahrain had taken the first steps a few years before to reform their labor code toward providing workers with their basic international rights. While the code was more advanced, it is true, than in many Middle East Nations, it still fell short in several important respects.

So, in view of all these circumstances, as the gentleman from Maryland (Mr. CARDIN) has mentioned, a number of us chose to work with and press the Bahrainian government to bring their laws up to basic international standards.

That started an intensive process where the negotiating parties did work in good faith and where the Ways and Means Committee at a hearing agreed, across party lines, that promises were not enough but that there must be concrete action on major gaps in labor laws.

The Bahrainian government has now introduced concrete legislation, as Mr. CARDIN has announced, to fill these gaps in their labor code. They will apply to both citizens and to the foreign workers who are there in large numbers.

Bahrain is a small Nation, 667,000-plus people with over 235,000 non-nationals, with a per capita income far higher than is true in other Nations, where the majority of citizens in those Nations live in poverty, and with a constitutional monarchy whose written support of these labor reforms provide confidence that the formally introduced reforms will become law.

When all of these particular circumstances are taken into account, those of us on the Democratic side of the Ways and Means Committee who have actively worked on this matter decided to support the Bahrain FTA.

Our experience here, and I emphasize that, does not diminish but only reinforces our insistence that as we face far different circumstances, when achieving a positive result from expanded globalization confronts very different dynamics, and that is true in negotiations with Latin American countries and others, our Nation must do for the rights of workers what it does for all other provisions of trade agreements. It must negotiate to place these international standards squarely in the body of the trade agreement with enforcement.

Only then can we be confident that globalization will help workers in other Nations uplift themselves, create a vital middle class in those Nations so important to those Nations, move towards international competition so that trade, as now increasingly being verbalized by President Bush, is both free and fair.

Only then can we be confident that competition with our workers from other countries will not be based on who can most suppress the rights of other workers and that for our own businesses, in this day and age, as mentioned, of our massive trade imbalances, there will be increasing numbers of middle income residents in other Nations to buy our goods and services.

Under those circumstances, I support this agreement, conditions very plainly spelled out here. I hope this administration will take notice.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON). The Chair would remind all Members that it is a violation of the rules to use cell phones on the floor.

Mr. STARK. Mr. Speaker, I am happy to yield 5 minutes to my friend from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding, and along

with millions of American workers in the AFL-CIO, I rise in very strong opposition to this flawed agreement.

Mr. Speaker, here we go again. Once more, the proponents of unfettered free trade are telling us about all of the good jobs that will be created if we pass this agreement and how great this agreement will be for the economy, and once again, they will be wrong.

Let me be as clear as I can be. Our unfettered free trade policies, NAFTA, PNTR with China, and the other trade deals have been a demonstrable and absolute disaster for the average American worker. It is incomprehensible to me that failure after failure after failure takes place, and then people come to the floor of the House and they say let us do it again.

Mr. Speaker, in 2004, we had a trade deficit of \$617 billion, and by the end of this year, that trade deficit is expected to top \$700 billion. Industry after industry has been decimated in this country by unfettered free trade, and we have lost millions of good paying manufacturing jobs to China, to Mexico and to other low-wage countries. In fact, after losing millions of good paying, blue collar jobs, we are now on the cusp of hemorrhaging millions more of white collar information technology jobs.

When will you stop bringing these agreements forward? When there are virtually no decent jobs left in America? Well, you are doing a good job in that effort.

In the last 5 years alone, we have lost almost 3 million manufacturing jobs, more than 17 percent of all jobs in that sector. Is trade the only reason that we are losing those jobs? No. Is it a major reason? Of course it is.

Why do we have these trade agreements? The answer is obvious. Corporate America comes in here and they say we do not want to pay working people a living wage, we do not want to respect environmental standards, we do not want to provide health care to our workers; so give us the opportunity to move to China, to other low-wage countries; please pass these trade agreements. Congress says, yes, boss, that is what we are going to do, and this is, in fact, what has happened.

Today, at 14.3 million, we now have the fewest manufacturing jobs in this country since the 1950s, and these manufacturing jobs are the jobs that pay workers a living wage with good benefits. What is going on in our economy today and what is destroying the middle class is that we are losing good paying jobs in manufacturing and information technology, and we are replacing those jobs with low paying service industry jobs that provide low wages and minimal benefits.

We have gone from a General Motors economy, good wages, good benefits, producing real products, to a Wal-Mart economy of low wages, minimal benefits and vehement anti-unionism.

Let me say very clearly, that if we do not turn this trend around, including

totally rethinking our trade policies, our kids, for the first time in the modern history of the United States of America, will have a lower standard of living than we do.

Mr. Speaker, in America today, the middle class is shrinking, poverty is increasing, and the gap between the rich and the poor is growing wide. Over the past 5 years, more than 5 million Americans entered the poverty ranks. Over 6 million Americans have lost their health insurance. Income for the average American fell by over \$1,600, and childhood poverty increased by over 12 percent. In 2003, the last study done by the IRS showed that 99 percent of Americans had an income which did not keep pace with inflation.

Mr. Speaker, we have got to stop the race to the bottom. We have got to reform and rethink our trade policies. Let us vote this proposal down.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume.

In quick response to the gentleman from Vermont, our economy is growing jobs at the rate of about 200,000 a month. Productivity is higher than it has ever been. Our economy is the fastest growing economy at 4.3 percent per year. The economy is strong in the United States. Unemployment figures are down below 5 percent.

□ 1600

It is lower than it was in any of the previous decades. Our economy is strong and it is growing, and it is growing because of the type of legislation that we are passing. We cannot be protectionists and retain the strong economy that we have in a world that is going free trade.

You may not like free trade, but the world is going free trade. And if we are going to compete in the global economy, we need to move towards free trade, and we need to be careful in negotiating these agreements one after the other.

Mr. Speaker, I now happily yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Rules Committee.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I rise in strong support of this agreement, and I want to begin by extending my congratulations to the distinguished chairman of the Trade Subcommittee for his fine work on this effort and to thank him along with my friend from Wisconsin and my friend from Texas, both of whom are here on the floor and who worked closely with us, with our working group, to promote the issue of trade.

My friend from Florida is absolutely right, if we do not shape the global economy, we will be shaped by it. The world is moving dramatically towards breaking down barriers, understanding that the free flow of goods and services and products and ideas is absolutely es-

sential, and I believe that we must do everything that we possibly can to expand that.

Now, Mr. Speaker, we have put into place over the past several years, under Democrats and Republicans as Presidents, a wide range of trade agreements. We have, since we put Trade Promotion Authority back into place, been able to see the expansion of the North American Free Trade Agreement.

And by the way, if you look at the trade relationship between Mexico and the United States today, there is a third of \$1 trillion in cross-border trade between Mexico and the United States. The middle-class population in Mexico is larger than the entire Canadian population. And so focusing on these issues is very important if we are going to deal with questions like the one we are going to address next week, illegal immigration, to try to enhance the economies of these developing nations. We want people who are struggling to get on to the first rung of the economic ladder, and that is what these trade agreements are about when it comes to their relationship.

Now, let us look at what these trade agreements mean to U.S. workers. As my friend from Florida just said, last month 215,000 new jobs were created. If we look at the last few years, at the last 4 years, we have seen 4.5 million new jobs created. In fact, Mr. Speaker, I will say that there are more people working in the United States of America today than we have ever seen working.

Mr. SANDERS. Mr. Speaker, will the gentleman yield?

Mr. DREIER. Although we have limited time here, I will happily yield to the gentleman from Vermont.

Mr. SANDERS. I thank my friend for yielding. You talked about job creation. What kind of wages are these jobs paying people?

Mr. DREIER. Reclaiming my time, I will respond to that question.

Mr. SANDERS. I wish to amplify.

Mr. DREIER. The gentleman posed the question, and I am happy to respond to that question, and then I will continue with my statement.

On average, jobs that are focused on exports into new markets, which is exactly what these agreements are all about, exactly what these agreements are all about, on average, these jobs focused on exports pay about 17 percent higher wage rates than those that are focused on jobs that are merely designed for domestic consumption here.

Mr. SANDERS. You did not answer the question. You talked about new jobs being created. You said exported jobs pay better. That is true, but most of the jobs being created are service industry low-wage jobs.

Mr. DREIER. If I could reclaim my time, let me just say that it is fascinating to listen to my friends on the other side of the aisle who, when we were in the midst of our debate just a few minutes ago on the alternative

minimum tax, they were very strong proponents of making sure we bring about reform so that people who are in that wage rate that goes all the way up to \$342,000 a year get relief under the AMT.

So I believe that if you look at the jobs that have been created, if you look at the wage rates that we have right now in the United States, if you look at the standard of living in the United States of America juxtaposed to other countries in the world, it is very clear that the United States of America is the single greatest Nation on the face of the Earth, and it is in large part due to the fact that we have over the last several years put together a wide range of trade agreements. And I would argue that building on the Central American Free Trade Agreement, this Bahrain trade agreement, which is what we are talking about at this moment, I believe is very, very critical to continuing that kind of growth.

Now, let us look at the issue of the global war on terror. My friend from Wisconsin raised that. Now, one of the things that is essential as we seek our opportunity to try and turn the corner on the threat of terrorism, we need to focus on economic growth throughout the Middle East. A former Defense Department official said to me when we were talking about the aftermath of September 11, 2001, that if we had seen a percentage point or two more growth in Afghanistan and Pakistan, we might have been able to diminish the threat of September 11. Why? Because there is a sense that somehow those involved in international terrorism are simply doing this in the name of Allah.

All one needs to do is look at what Mohammed Atta and his cronies were doing before perpetuating the most heinous act on our soil on September 11 of 2001. It is not as if they were worshipping Allah. I recall their being in south Florida and Las Vegas, Nevada, leading up to that; meaning the focus on economic opportunity is something that we need to realize can help diminish that kind of terrorist threat there. And that is a very important part of what this agreement is about. Now, I have to say that realizing that the rule of law, the expansion of parliamentary elections, all of those kinds of things which can help diminish that kind of threat are critical, and that is a very important part of this agreement.

So as I listen to my friends on the other side of the aisle, and I am happy to say this agreement is enjoying strong bipartisan support, but as I listen to those on the other side of the aisle who are opposed to this agreement, it is very unfortunate that so many of them do not recognize the tremendous growth that my friend from Florida, the chairman of the Trade Subcommittee, just went through: the 4.3 percent GDP growth, a 5 percent unemployment rate, 215,000 jobs created last month alone in the aftermath of Hurricane Katrina, and all of the other challenges that we faced, that these

have come about in large part due to the trade agreements that we have put into place. And why? Because we are opening up new markets around the world. And I thank my friend very much.

Mr. SHAW. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to the gentleman from Florida.

Mr. SHAW. Mr. Speaker, I want to add another provision there, that over the last 3 years, hourly wages have increased in the United States by 8 percent. So a lot of this stuff we have heard is absolutely false.

Mr. DREIER. Mr. Speaker, I thank my friend for that contribution, showing, as I said, that the standard of living in the United States of America is strong.

And the President has put it very well: we are never going to be satisfied until every American who wants a job has a job. We must continue to do everything possible to ensure that that happens, and that again is what this agreement is about.

Ninety-four percent of the world's consumers are outside of our borders, Mr. Speaker. So I believe we must do everything we can to pry open those markets, because the world has access to the U.S. consumer market, and that is a good thing; but what we need to do is gain more and more access to their markets.

So this is a win-win all the way down the line. This is a continuation of what we have seen of the DRCAFTA agreement, the NAFTA agreement, and others that are creating great opportunity for U.S. workers and consumers alike.

And I want to say in conclusion that I am very, very grateful that through this agreement we are getting us back to this notion of bipartisanship, because it is not a Republican or Democratic issue. Trade is an issue that should see the support of Republicans and Democrats. We are happy to provide the lead, but every Democrat who wants to jump on board in support of the cause of free trade is more than welcome, and I am happy the Democrats are understanding the critical importance of this effort.

Mr. CARDIN. Mr. Speaker, let me just remind my colleagues that we are talking about a free trade agreement with Bahrain, a country whose size is about the same as the city of Austin, Texas, and of course a very important country within the Middle East.

Mr. Speaker, I am now pleased to yield 2 minutes to the gentleman from New York (Mr. MEEKS).

Mr. MEEKS of New York. Mr. Speaker, I rise today in strong support of the Bahrain Free Trade Agreement. This agreement is good for the United States, and it is good for Bahrain. It has real trade benefits. But beyond that, it will strengthen relations with one of our most steadfast friends in the Middle East. Progress made on labor and economic reforms can stand as a model for future trade agreements with the Middle East.

The Ways and Means Committee's bipartisan approval of the U.S.-Bahrain Free Trade Agreement is symbolic of the cooperative and supportive relationship that exists between the two countries. This agreement will bring benefits to both countries, strengthen economic ties, and promote social, political, and economic opportunities. The Bahrainis have taken difficult, but important, progressive steps that will elevate standards in Bahrain and help promote stability in the Middle East.

Bahrain has been a steadfast American ally through World War II, the gulf war, and the war on terrorism. Bahrain has implemented multiple substantive reforms over the past few years, including the adoption of a new constitution to transform the country from a hereditary emirate to a constitutional monarchy, the creation of a bicameral legislature, and granting suffrage to all citizens over 18 years of age. In addition, Bahrain has made significant improvements to its labor laws and has dismantled its Arab League boycott of Israel.

My friends, globalization is here. And as Tom Friedman indicated, yes, indeed, the world is flat. We have made sure that we are more interdependent upon one another; and it is good to be interdependent, because with that interdependence, we as a Nation begin to depend on others in this world. The world is much smaller than it was just 40 years ago. As we become dependent upon one another, raising the standards of living all over this world, we then indeed ensure a safer United States of America and a more harmonized world.

I say let us vote for this. It is good for America, it is good for Bahrain, and it is good for the Middle East.

Mr. STARK. Mr. Speaker, I reserve the balance of my time.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, again we have an opportunity to stand up for American families. Again, we have an opportunity to stand up for free trade and pass the U.S.-Bahrain Free Trade Agreement.

This is a simple matter. Free trade delivers a greater choice of goods and services to American consumers at lower prices. That means families can buy more using less of their paychecks. More trade means more competition, and competition has always helped the consumer. We have over 200 years of history to prove that.

In fact, Mr. Speaker, over the past few years, prices have dropped for a wide array of goods and services which are produced around the world, such as video equipment and toys. Yet we pay a lot more for products that do not effectively compete with foreign companies, for example, prescription drugs and cable television. Again, competition works. Trade works.

But beyond all of the obvious economic benefits of free trade, we must recognize that fundamentally this is an issue of personal freedom. Nations do not trade with nations; people trade with people. With the exception of national security considerations, every American should have the right to determine the origin of the goods and services they want to purchase. Is this not the land of the free? Have countless generations not fought and sacrificed to secure the blessings of liberty for all Americans?

Maybe we in Congress have the power, but do we have the right to tell Americans that we will not allow them to buy cheaper products because those products may come from other nations? I think not, Mr. Speaker.

Mr. Speaker, this particular trade agreement not only stands for freedom; it stands for friendship. The nation of Bahrain is a friend of the United States and an important ally in the global war on terror. For over 200 years, America has benefited from trade and competition. I urge my colleagues to once again reject protectionism and, instead, stand for prosperity, stand for freedom, and stand with me in voting for this trade agreement.

Mr. CARDIN. Mr. Speaker, I am pleased to yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, let me share with you the real facts of this trade bill; and let me thank Mr. CARDIN, Mr. LEVIN, and Mr. RANGEL for really doing the heavy lifting which has created an opportunity for real debate on a good trade bill.

There are concerns that my colleagues have raised about this trade bill, but I think there are provisions and there are reasons for us to give an open and free flowing discussion to a vital partner that we have had for many, many years.

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It is important to note that Bahrain is predominantly a manufacturing country. Its products include oil products and aluminum products, and we know for sure it has lessened its involvement in textiles. But what most Members do not know is that 80 percent of the investment of this country has been invested in the United States. That raises my interest. It is invested in real estate, in banking and other opportunities.

I like trade bills that create jobs and I want to thank my friends in the labor movement who have raised concerns about child employment, about provisions that should be protecting unions and protecting workers. I am concerned about the fact that most of these provisions are in the side letters. It is unfortunate when the Republican administration sat down to negotiate with Bahrain, they did not sit down

and create the intelligent and forward-thinking provisions that are in the letters created by the Democratic Ways and Means members.

But these letters, I am told, will have the same sort of authority as provisions in the trade bill, and if they are violated, there will be opportunities for consultation in order to ensure that these provisions are made.

I will be looking forward to receiving additional information that will prohibit child labor, but I think the crux of this trade bill, with the observation that it is certainly timely, to ensure that we do think about labor issues and we fight for the labor issues. I do not stand here to create this divide that my good friend on the other side of the aisle who said you, who are against trade bills. No, we are not against trade bills. But we are against trade bills that singly ignore the rights of workers.

If the Democrats were in control, as we had the opportunity in the Permanent Normal Trade Relations with China, although that is not the best example, but I remember the hard work and the heavy lifting of Democrats to create a better trade bill. That is the problem we have. That these bills are negotiated and they are, if you will, negotiated without a concern for workers.

In this instance I think the Democrats have worked very hard to make this a fair bill for a partner of the United States, who has been a strong partner and a democratic partner. I ask as Members consider this legislation to look at the improvements that have been made and the side bar letters that have created the right kind of negotiated document to help the people who would be benefited in Bahrain, and also help investment here in the United States. We would like to create jobs.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Speaker, we have heard throughout this debate a lot of reference to the trade deficit. I think it is important to look at that. When you look at our Nation's trade deficit, we enjoy a very large surplus in services, and our trade deficit comes from a trade deficit in manufactured goods.

Mr. Speaker, according to the latest statistics, 94 percent of our trade deficit comes from countries we do not have a free trade agreement with. A free trade agreement like this agreement helps us get fair trade rule so we can trade honestly with each other; and, yes, get an advantage so we can create more jobs, send more exports, and have better paying jobs here at home. I will just repeat that statistic one more time: 94 percent of our manufactured good trade deficit comes from countries we do not have a trade agreement with.

But it is more than that. Trade combines people. What is important about this agreement is beyond the economic

value which is very substantial. It is about the human value.

You see, Mr. Speaker, we have good relations between our governments. Our 5th Fleet is located in Bahrain. We have great relations between our diplomats and the Bahrainees, between our President and the emir.

What this agreement proposes to do is put American people in contact with Bahrainee people, put Americans in contact with Muslims, put Americans in contact with Arabs in the Gulf so we can better understand each other. Trade is about individuals combining to join in mutually beneficial behavior and activity and business arrangements, to help their families and help create jobs and grow their economies.

But more than that, trade will help our people better understand the people we do not understand as well. We need a better understanding of people in the Arab world. We need a better understanding of Muslims. This is important because of the climate we face in the world. That is why it is important that we pass this agreement so that the American people can join and bond in friendship with the Bahrainee people in the Gulf Coast in the Middle East so we can have a better understanding of each other. As we understand each other better, we can better secure peace and security for our children.

Mr. CARDIN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me thank all of my colleagues who participated in this debate. Let me, once again, remind those who are following this debate that we are talking about a free trade agreement with Bahrain, a country which is about the same size as the city of Austin, whose total trade with the United States is measured in terms of a couple hundred million dollars. It is a country with a high standard of living for that region whose economy produces \$19,000 plus per capita of GDP, which is about 4 times higher than we had in dealing with the CAFTA countries. It is also a country that imports labor and helps actually the economy of the region because of its economic opportunities.

I mention that so we can put this agreement in context. Many of my colleagues who have spoken of concern have talked about concern on economic policies related to trade here in the United States, and I join them on many occasions, particularly as they are referring to problems that we are having with trading partners. But that is not the issue that we have before us today.

The issue we have before us today is an agreement with a single country, Bahrain. One issue that we need to be concerned about is whether this agreement will not only advance the traditional barriers to trade by eliminating them, such as tariffs and some of the nontariff barriers, but how does it deal with issues that are becoming more important, such as workers' rights.

On the traditional barriers of tariff and nontariff issues, I have not heard

any debate against this agreement. This agreement, in fact, removes barriers so that U.S. companies and U.S. manufacturers and U.S. farmers will have greater access to the market of Bahrain.

In regards to workers' rights, I agree with my colleagues that have spoken of concern about trade agreements. I think it is time that we graduate international labor standards to core provisions within the trade agreements, and that we have enforcement within the trade agreements.

But I think in judging Bahrain, we need to use the standard that we have used, and that is, does this Nation measure up to international labor standards. The answer to that question is yes. They have passed major reform in 2002. They have acknowledged the difficulties with those laws that need to be changed. They have issued interpretations to comply with ILO standards and have introduced laws that will correct the additional standards, and they have agreed to allow us to use the trade agreement to make sure that in fact these new laws are not only passed, but in fact, Bahrain is living up to ILO standards.

That to me is good faith with an ally, and one in which we can move forward and should move forward. So I think Bahrain has passed the test on an agreement that we should support, but at times there is more than just the economic issues that affect our country that we should be looking at whether we move forward with bilateral regional trade agreements.

In Bahrain's case, I think the evidence is overwhelming. We need to expand opportunities in the Middle East. The best chance for peace in the Middle East is if we can open up the economic opportunities of that region, and Bahrain offers us a country that has stepped forward and offered leadership. In repealing the boycott against Israel and saying that it wants to have open trade in the region, they will now be the fourth nation in that region that we will have a free trade agreement with. We have Jordan, Israel and Morocco. So this represents an opportunity to advance U.S. interest in stabilizing a region of the world that has been of major interest to the United States.

So for all these reasons, this agreement with a very small country that will have minimum impact on the economic activities of this country, I think it will be positive, but it will be minimum because of the size of the country, but represents progress as to how we should evaluate trading relations with other partners. Are they willing to remove barriers? Are they willing to respect international labor rights? Are they willing to be a good neighbor in the region to advance peace and stability? In each of these instances, Bahrain passes this test, and I urge my colleagues to support this agreement.

Mr. Speaker, I yield back the balance of my time.

Mr. STARK. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I would like to associate myself with some of the remarks of my distinguished friend from Maryland. He is right, Bahrain is a flea on the elephant when it comes to the difference that it will make in economic impact to the United States.

But if we really wanted to help in the Middle East, maybe we would have sold parts for C-130s to Iran and saved 100 people from dying because of our embargo on selling aircraft parts to a country that could not maintain safe aircraft because the United States refused to deal with them.

Maybe we ought to question whether this vote is really whether you trust the administration, an administration that many people think lied to us about getting us into war in Iraq in the first place. Many people think the administration is lying to us about torturing, and here we are talking about what is supposedly a democracy. Is this any more of a democracy than Saudi Arabia? It has a king. It votes, maybe.

I think that the real issue is if we do not get it in writing, if we do not have enforceable rules, can we trust the administration or will the administration continue to sell out to the pharmaceutical industry, which will harm the people of Bahrain, in repayment for campaign contributions?

These are the kinds of things that are at issue here. Do you trust this administration? Do you trust them to help anybody but the very rich? Do you trust them to keep their word about what they are doing? And if you do not, as many of us do not, you will voice that protest and vote against this bill.

Mr. Speaker, I yield back the balance of my time.

Mr. SHAW. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I would also like to associate myself with the remarks of the gentleman from Maryland. I think he spoke quite eloquently about the importance of this agreement to the region.

When the history of the Middle East is written, I think the historians will view this trade bill as an important stepping stone towards the development and imposition of democracies and stability in that part of the world, which is very much in our best interest.

Bahrain has been a great ally through many, many years of troubling times, and times when it was not necessarily easy to be friends with the United States if you are in the Middle East and if you are an Arab country. But they have stood with us. Our Naval base there is quite important. I think it is important that we try to do everything we can to do business with our friends. They have proven to be a great friend of the United States.

We have visited with the ambassador from Bahrain who is a delightful man who is a great salesman for his country. I believe that this is a significant

vote. This is not just a flea on an elephant, as Mr. STARK stated. This is an important ally in which we are going to have a free trade agreement. I would urge all Members to vote yes on this most important issue, because I think a message must be sent out loud and strong that we are supporting free trade when we have a good agreement drawn. This has been drawn and approved in a bipartisan way. This is good for the United States. It is not only good for Bahrain, but it is good for the United States.

I would also like to thank Mr. CARDIN, Mr. RANGEL and other Members from the other side of the aisle, as well as Mr. RYAN and Chairman THOMAS, and all of those who have worked hard to bring this along, and of course staff on both sides of the aisle. Congress cannot operate without staff, and I would like to thank them for what they have done in putting this agreement together.

Mr. Speaker, I yield back the balance of my time.

Mr. KILDEE. Mr. Speaker, I rise in opposition to H.R. 4340, the Bahrain Trade Agreement. Although our trade with Bahrain is limited, this agreement is a symptom of what is wrong with our Nation's trade policies.

I firmly believe that we should have a thorough review of the impact of these free trade agreements so that we can create a national trade policy that protects the American manufacturing industries. We need an American trade policy that encourages the export of American manufactured goods, not our American manufacturing jobs.

Mr. Speaker, that is why I have introduced H.R. 4407, a bill to impose a 2-year moratorium on negotiating or conclusion of any additional free trade agreements. As our trade deficit continues to set new records, we should call a 'timeout' on this headlong rush into these free trade agreements. Our current domestic trade policy encourages the closing down of American factories and moving them overseas, usually to a country where wages are low and environmental standards are lower. This race to the bottom has real consequences, and it's time to stop negotiating bad trade deals that make American jobs our leading export.

For years, the American people have been promised that bilateral and regional trade agreements would throw open the doors of international markets eager for American goods. However, in the 10 years following passage of the North American Free Trade Agreement (NAFTA), which I opposed, millions of American jobs have been lost, threatening entire industries that were once bedrocks of this country. And China and Japan continue to manipulate their currencies without any significant pressure from our government, tilting an already uneven playing field further away from America.

Nearly three million manufacturing jobs have been lost since the Bush Administration took office in 2001. In 2004, the United States had a record \$162 billion deficit on goods trade with China and a \$617 billion trade deficit on goods and services worldwide. Eliminating tariffs and allowing companies to exploit foreign labor has destroyed entire American industries and has resulted in the highest American



trade deficit ever, placing America at a huge economic disadvantage.

Mr. Speaker, our current trade policies have failed the American worker and the average American family. We cannot continue to the hemorrhaging of our manufacturing jobs and expect our economy to be strong.

Mr. Speaker, I urge my colleagues to vote no on this free trade agreement with Bahrain, and any free trade agreements in the future, until we can create an American trade policy that is in the best interests of the American people.

Mr. HOYER. Mr. Speaker, the House of Representatives is today considering a proposed free trade agreement between the United States and Bahrain. I support this agreement, and will vote in favor of the required implementing legislation. I also anticipate this agreement will enjoy strong bipartisan support in Congress.

In general, I have advocated free trade and open markets because I believe that American businesses and workers can compete and win in the global economy. Furthermore, I believe that increasing global interdependence presents our Nation with an opportunity to promote democratic reform, the rule of law and respect for basic human rights.

The agreement provides that all bilateral trade in consumer and industrial products will become duty-free immediately, as will 98 percent of U.S. agricultural exports, with the remaining tariffs phased out over 10 years. Textiles and apparel trade will also become duty free immediately for products that contain American or Bahraini yarn.

Key U.S. service sectors that will benefit under the agreement include audiovisual, express delivery, telecommunications, computer and related services, distribution, healthcare, services incidental to mining, construction, architecture and engineering. Furthermore, on the issue of intellectual property rights, the Agreement requires each government to criminalize end-user piracy, providing strong deterrence against piracy and counterfeiting.

Beyond the economic benefits that will accrue to the United States, this agreement is an important opportunity to bring increased development, prosperity and stability to a key ally and strategic partner in the region. Not only has Bahrain supported and participated in Operations Enduring Freedom and Iraqi Freedom, as well as the first Persian Gulf War in 1991, the country has also served as the host to U.S. Naval forces in the Middle East for more than 50 years. This free trade agreement will further strengthen the already close U.S.-Bahrain relationship.

I have and will continue to support free trade agreements that strike the balance of expanding markets for American companies, while also providing a level playing field for American workers and improved living and working conditions for foreign workers by guaranteeing fair wages and basic workplace protections abroad. I am confident that these goals will be met with respect to Bahrain, in part thanks to a number of labor reforms that have been recently implemented by the government.

I will consider future trade agreements one at a time, taking into consideration the specific labor and environmental conditions that exist in the countries we seek to trade with, as well as the provisions included in the agreements to protect workers—both here and in the other

countries—and environmental concerns. I will determine my position as those agreements are finalized.

Mr. CROWLEY, Mr. Speaker, I rise today in strong support of the United States Bahrain Free Trade Agreement.

As the Co Chair of the Caucus on Bahrain with my good friend from Wisconsin Mr. RYAN, we have worked closely to make today reality.

Bahrain has been a close friend of the United States for over 100 years and this agreement is taking us to a new level in our friendship.

This friendship is built on trust and respect for each other, so much so that the US Navy's Fifth Fleet operates in Bahrain, a friendly and secure environment for the fleet that watches over a dangerous region.

Bahrain continues to lead all gulf nations in political and economic reforms.

They have taken the bold step by rescinding its economic boycott of Israel. This lays the foundation for an economic relationship with Israel that will help develop both Bahrain and the entire gulf region.

Bahrain conducted its first national legislative elections in over 25 years, electing 40 members to the Representatives Council.

Women were not only allowed to vote, they also became the first women in the Gulf to run as candidates in national elections.

Bahrain is making the necessary changes by amending all provisions of its labor laws that so they are fully compliant with the International Labor Organization (ILO).

I would like to commend Ambassador Naser Al Belooshi for the fine work he has done to iron out some of the labor issues that had held this agreement up.

The Ambassador working with the Finance Minister showed great poise and determination to meet the labor requirements that Democrats pushed for before we would support this agreement.

The strong labor provisions that Bahrain has agreed to will help U.S. business thrive in Bahrain.

This agreement provides market access for U.S. industrial, agricultural, and consumer products.

The agreement will greatly benefit the services sector and provide U.S. companies with the highest degree of access to service markets of any U.S. FTA to date.

Financial service companies will have the right to establish subsidiaries, branches, and joint ventures in Bahrain. Health and life insurance companies will have market access once this agreement is enacted.

This agreement is the first step in the political and economic reforms for the Middle East and I strongly believe the U.S. should continue to work with moderate Arab nations such as Bahrain to help balance out some of the more extreme elements in today's Middle East.

Mr. Speaker, I support this agreement and urge all of my colleagues to vote for this bill.

Mr. OXLEY, Mr. Speaker, I rise in support of the free trade agreement between the United States and Bahrain, a country which is and seeks to increase its stature as the leading financial center for the Middle East. As chairman of the Financial Services Committee, I want to focus on the benefits to American financial services and economic interests from this agreement.

Mr. Speaker, as you know, the United States runs a large and growing trade surplus

in the services sector. It was \$55.9 billion in 2002 and \$96.1 billion in 2003. As the most innovative and competitive country in the world, the United States has a strategic interest in fostering greater opportunities for our financial firms, consultants, accountants, and other high-end service professionals to export their services and products worldwide.

This is not a zero-sum game. The knowledge transfer from increased American exports of financial and other related services will help people in other countries develop more efficient and economically valuable capabilities, fostering economic growth abroad as well as an increased customer base for American goods and services. The multiplier effect associated with increased access to capital for foreign firms is also significant. To the extent that capital formation abroad also encourages growth of stock and bond markets, free trade in financial services can provide good working experience for how decisions can be taken through transparent decision-making processes which are the hallmarks of democracy.

This free trade agreement with the leading financial center in the Middle East will substantially open financial services markets in the region for American firms. At a time when high oil prices are generating large pools of capital in the Middle East, we have a strategic interest in making it easier for American financial firms to provide their intermediation services in the region. We also have a strategic interest in making it easier for Middle East investors to become more integrated into the global economy.

Bahrain is also a valued ally in our fight against terrorist financing. It has demonstrated a strong commitment to cooperate with the U.S. on these issues. Bahrain's anti-money laundering law, passed in 2001, makes money laundering an extraditable offense. It has a "know-your-customer" standard and requires all financial institution employees to take a course annually on how to implement this law. In addition, Bahrain hosts the newly created Middle East and North Africa Financial Action Task Force, which is the key multilateral group that creates standards throughout the region to fight terrorist financing and money laundering.

Mr. KIND. Mr. Speaker, I rise today in support of the United States-Bahrain Free Trade Agreement Implementation Act. Passage of this FTA will help strengthen our relationship with Bahrain, building a more secure and productive future for our countries and citizens.

As a cochair of the New Democrat Coalition, I have long believed that when instituted correctly and fairly, trade agreements open up foreign markets to U.S. goods, create new opportunities for companies and their employees, and lift the standard of living for people in the country with whom we are trading. As our nation leads the world into the 21st century, we should not shy away from opportunities to guide and expand global trade.

U.S. goods exported to Bahrain totaled \$302 million in 2004, constituting .03 percent of total U.S. merchandise trade in 2004. Of that total, Wisconsin exported over \$4 million in goods last year to Bahrain, with the majority of the exports in machinery and manufacturing. I am pleased that The U.S.-Bahrain FTA will provide substantial market access for U.S. services providers, including financial services. One hundred percent of bilateral

trade in consumer and industrial products will become duty-free immediately, and 98 percent of U.S. agricultural product exports to Bahrain would be immediately duty free, with 10-year phaseouts for the remaining items such as alcohol and tobacco.

Moreover, securing a FTA with Bahrain is a positive foreign policy and national security step for the United States. Bahrain has been a strong and stable state in the Persian Gulf region and a friend to the United States. The U.S. Navy's 5th Fleet is based in Bahrain, and the United States has recognized the importance of our relationship with this country by establishing a joint U.S.-Bahrain Defense Cooperation Agreement and designating Bahrain as a "Major Non-NATO ally." This FTA strengthens relations with one of our proven strategic allies in an unstable region.

Further, it is critically important that trade agreements are balanced and fair for workers and companies. I am pleased, therefore, that Bahrain has agreed to take the additional steps necessary to comply with basic international labor standards that are integral to ensuring that the benefits of globalization are broadly shared among the people. Bahrain has committed in writing and with a clear and immediate timetable to amend all provisions of its labor laws that are not consistent with basic International Labor Organization (ILO) standards. In addition, the United States Trade Representative has committed to report periodically to Congress on Bahrain's fulfillment of its agreement and is prepared to invoke Article 15.6 procedures if Bahrain fails to carry out these commitments.

Again, Mr. Speaker, I am happy to support this FTA with Bahrain today. It is in our best interest to engage Bahrain and complete this bilateral free trade agreement. I urge my colleagues to support H.R. 4340.

Ms. MATSUI. Mr. Speaker, I rise in support of the rule and the underlying bill, the U.S.-Bahrain free trade agreement implementation act.

Through cooperation—Democrats working alongside Republicans on the Ways and Means Committee, who then coordinated with the administration—we have before us a strong trade package that will open markets, advance free trade and cement America's ties to a strategically important ally in the Middle East.

And with the changes that are coming to Bahrain's labor laws, this agreement will ensure that the fundamental rights of workers are protected. It is my hope that in the future, these worker protections will be incorporated into the core of trade agreements, rather than through side agreements. This is a standard to which the United States should hold all its trading partners.

Though the magnitude of this particular trade pact is relatively small, the global trading system is at a critical juncture. The United States' leadership on trade is being tested—here in Congress and in Geneva.

For that reason, I am pleased that today we have both parties working together to advance free and fair trade.

I hope that this agreement receives broad support and that July's contentious and mean-spirited CAFTA debate is the low point, only to be seen in the rearview mirror. Because in the long term, the only way for America to continue to lead the world forward on trade is for us to work across the aisle here in the House.

I urge my colleagues to allow today's debate to serve as a first step toward reviving the bipartisan consensus on trade policy that has served this Congress so well in the past.

Mr. WAXMAN. Mr. Speaker, it is with some hesitation that I rise in support of the U.S.-Bahrain Free Trade Agreement or FTA.

As the home to the 5th Fleet of the U.S. Navy, Bahrain is a key Gulf ally. I believe this agreement will reinforce that bond with stronger economic ties. The Bahrain FTA also presents an opportunity to build upon trade agreements with Morocco, Jordan, Israel and the Palestinian Authority and provides an incentive for economic integration throughout the region.

Another reason I support the agreement is that the Bahrain government has formally abolished all laws related to the Arab League's boycott of Israel. This is an important precedent for the upcoming FTA negotiations with the UAE, Oman, Egypt, and other Middle East nations. While I am disappointed that the Saudi Arabian government refused to take the same action in the process of its accession to the World Trade Organization, I am hopeful that future trade agreements will be an effective mechanism to make this unfair and illegal discrimination a relic of the past.

In addition, Bahrain has taken significant steps to adopt laws that reflect the five core standards of the International Labor Organization and the USTR has agreed to periodically review Bahraini compliance with these laws. There was an exchange of letters to clarify that the U.S. can seek enforcement of Bahrain's labor laws under the Labor Chapter of the FTA. Labor laws should be enforceable in every FTA. While the issue should have been dealt with inside of the agreement, rather than in a side letter, the Bahrain FTA highlights the missed opportunities on labor protections in our trade agreements with Chile, Singapore and Central America.

The reason I hesitate is that the Bahrain FTA also has a series of pharmaceutical protections to delay the approval and availability of generic medicines. Provisions such as these, which have been included in the intellectual property chapter of a number of recent agreements, are a serious mistake. They fail to take into account the needs of poor countries where the absence of generic competition can mean the difference between life and death. They undermine the Doha Declaration, which was adopted to make it easier for countries to respond in the event of a public health crisis. They do not reflect the careful balance in U.S. law between the protection of innovation and access to affordable medicine.

I voted against the Central America and Morocco FTAs precisely because I felt strongly that the adoption of these measures by such poor countries would significantly reduce access to medicine. The difference here is that Bahrain is a relatively wealthy nation with a strong public health structure. Health care in Bahrain is delivered through a system of public hospitals and clinics that are available for free to Bahraini citizens and accessible to foreign residents for a nominal fee. While the FTA's pharmaceutical rules are ill-conceived and will create additional burden and expense for the Bahrain government, the changes should not diminish access to care.

It is hard to fathom, therefore, that the same provisions are being negotiated right now for an FTA with four Andean nations. Bahrain has

a population under 1 million people and a low incidence of infectious diseases. In contrast, Colombia, Ecuador, Peru and Bolivia have a combined population of nearly 100 million and more than 200,000 patients suffering from HIV/AIDS. Health care coverage in these countries is available to few and many live in extreme poverty. The contrast is stark. Yet, the USTR is adamantly pursuing a "one size fits all" approach that would require the Andean nations to adopt the same pharmaceutical protections adopted in Bahrain.

The pharmaceutical industry has spoken openly about its efforts to raise drug prices and profit margins around the world. Drug companies are aggressively trying to use trade agreements to force policy changes they could not otherwise achieve. It is time for the USTR to stop callously helping them put profits ahead of public health. The damage in Bahrain may be limited, but the consequences elsewhere may be severe.

Ms. ZOE LOFGREN of California. Mr. Speaker, continuing my support for an overwhelming majority of free trade agreements, I cast my vote in favor of the U.S.-Bahrain Free Trade Agreement (FTA). In the past I have expressed serious concerns over copyright provisions contained in some free trade agreements negotiated by the Bush Administration that arguably constrain the ability of the United States to modernize our laws to reflect the realities of technology. I have been repeatedly reassured that notwithstanding these copyright provisions, the United States would still be able to modernize our copyright laws. I am also pleased that in other areas of the U.S.-Bahrain FTA, the President finally followed Democratic recommendations to ensure the adoption and enforcement of internationally-recognized basic standards for the people of Bahrain.

Mr. LARSON of Connecticut. Mr. Speaker, I rise today in support of H.R. 4340, the United States-Bahrain Free Trade Agreement Implementation Act. This agreement is an example of the success that bi-partisan engagement on trade issues can generate, and this agreement should be a model, a starting point, for how we can achieve success in the future.

During consideration of this agreement in the Ways and Means Committee, Democrats expressed their concern about the treatment and application of international labor standards in the agreement. Since that time, both the Administration and Bahrain have worked at our urging to include Bahrain's commitments to begin applying international labor standards immediately in their country as well as their timetable to bring all of their laws into ILO compliance as conditional and enforceable elements of the agreement. In other words, as we argued during the CAFTA debate, workers rights should enjoy the same level of protection we place on goods and intellectual property rights, a balance that was sorrowfully left out of the CAFTA agreement. In addition to this, the Bahraini government has demonstrated its world leadership by recently becoming one of the first Arab League nations to remove its boycott on Israeli goods and services.

These steps are encouraging, and indicate that countries are willing to accept minimum standards if the United States insists they be part of free trade agreements: The agreement shows that working together bipartisanly on trade issues will produce agreements that address the standards we feel every trade

agreement America signs onto should meet: the broad fulfillment of America's economic interests, the opening of fair markets for America's goods and services and the reversal of America's ever-growing trade deficit.

Mr. KIRK. Mr. Speaker, today I support H.R. 4340, The U.S.-Bahrain Free Trade Agreement. Bahrain is an important political, economic and military ally, and in the years since 9/11, has been a valued partner in the War on Terror. The U.S.-Bahrain Free Trade Agreement will strengthen this key relationship and bolster the important reforms currently taking place in Bahrain.

Bahrain deserves special recognition for its military cooperation with the United States military. Since 1995, Bahrain has been home to the U.S. Navy's 5th Fleet. From this location, the 5th Fleet's area of responsibility encompasses 7.5 million square miles and includes the Arabian Gulf, Red Sea, Gulf of Oman and parts of the Indian Ocean. As a Commander in the Navy Reserve, I fully appreciate the value of Bahrain's willingness to host our fleet in this strategic region.

The U.S.-Bahrain Free Trade Agreement is also significant because it rewards Bahrain for its rapprochement towards Israel. Last month, Bahraini Foreign Minister Sheikh Muhammad bin Mubarak confirmed that his country decided to lift its boycott of Israeli products. In the face of the Arab League's efforts to intensify the boycott, Bahrain has taken a bold and symbolic step towards peace in the Middle East.

Bahrain has shown that it is committed to reform, and we are equally committed to joining with them with open markets. I proudly support this bill that expands trade bilaterally and moves closer to the vision of a peaceful, democratic, and freely trading Middle East.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of H.R. 4340, the "United States-Bahrain Free Trade Agreement Implementation Act." In spite of my support, I do have some concerns. For example, as in all other U.S. Free Trade Agreements (FTA's) the text of the U.S.-Bahrain Free Trade Agreement requires only that the two countries enforce their own labor laws. It is my understanding that in 2002, Bahrain completed a major revision to its own labor laws to comply with internationally-recognized standards and to ensure that working people in its country share fully in the benefits of globalization. However, six provisions of Bahrain's law, as currently written, raise concerns with regard to basic international labor standards. These six provisions have been identified by the U.S. Department of State and the International Labor Organization (ILO).

These concerns force me to believe that the workers' rights provisions in the Bahrain FTA are somewhat weak. In contrast to the U.S.-Jordan FTA, the Bahrain agreement contains only one enforceable provision on workers' rights which is an obligation to enforce domestic labor laws.

While the labor chapter also contains a commitment to uphold the ILO core workers' rights and not to weaken labor laws, these provisions are explicitly excluded from coverage under the dispute settlement chapter, rendering them essentially useless from a practical standpoint. To put it bluntly, under this agreement, a country could ban unions, set the minimum age for employment at ten years old, and reinstate slave labor. While I

believe this will not happen, the fact that it could raises concerns.

Before closing, let me note that I appreciate the efforts made to negotiate a commitment from the Bahraini government to bring its labor laws up to ILO standards in the near future, and I hope that this agreement is honored. I must also note that a commitment to improve labor laws in the future is not an adequate substitute for having decent labor laws in place, especially when the labor provisions in the agreement raises concerns. To this end, I am pleased to note that I have been promised a letter from the Bahrain government expressing the fact that child labor will not be an issue and that such labor will not be used as a result of this agreement. Unfortunately, if the promise is not honored, there is no recourse that can take in the context of the FTA itself, other than to engage in consultations. While I overall support free trade agreements, I strongly believe that we need to make sure that we are not setting ourselves up for a pit fall.

□ 1630

The SPEAKER pro tempore (Mr. BONILLA). All time for debate has expired.

Pursuant to House Resolution 583, the bill is considered read and the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. SHAW. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

#### GENERAL LEAVE

Mr. SHAW. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of the bill just under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### MOTION TO GO TO CONFERENCE ON H.R. 3010, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2006

Mr. REGULA. Mr. Speaker, pursuant to clause 1 of rule XXII and by direction of the Committee on Appropriations, I move to take from the Speaker's table the bill (H.R. 3010) making appropriations for the Departments of Labor, Health and Human Services,

and Education, and related agencies for the fiscal year ending September 30, 2006, and for other purposes, with the Senate amendment thereto, disagree to the Senate amendment, and agree to the further conference asked by the Senate.

The Clerk read the title of the bill.

The motion was agreed to.

MOTION TO INSTRUCT OFFERED BY MR. OBEY

Mr. OBEY. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. Obey moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 3010, be instructed to insist that the conference agreement include \$4.183 billion for the Low-Income Home Energy Assistance Program (LIHEAP), an increase of \$2.176 billion over the House bill and \$2 billion over the Senate bill, to help the elderly and the poor cope with rising energy prices, and that the additional cost be offset through reductions in tax cuts for households with incomes above \$1,000,000. The additional amounts above the House-passed level should be appropriated to the LIHEAP contingency fund, and in allocating the funds among States the Secretary should be directed to give due regard to estimated increases in the heating and cooling costs for low-income households during fiscal year 2006 as compared to the previous year.

#### POINT OF ORDER

Mr. REGULA. Mr. Speaker, I make a point of order against the motion because it violates clause 9 of rule XXII by proposing to direct the conferees to exceed the scope of matters committed to conference.

I ask for a ruling from the Chair.

The SPEAKER pro tempore (Mr. BASS). Does any Member wish to be heard on the point of order?

Mr. OBEY. Yes, I do, Mr. Speaker.

Mr. Speaker, 2 weeks ago the Labor, Health appropriation bill was defeated on this floor largely because it contained inadequate investments in education and health. Today, the bill is back, and what this motion would do is to say to the majority that if they do not want to recognize the need for additional education and health funding, that they at least recognize that an emergency situation exists with respect to the rapidly rising home heating costs with natural gas, for instance, expected to be 50 percent higher than it was last year and with only 15 percent of persons in the country who are eligible getting help from LIHEAP as it is.

I would simply ask the majority to withdraw the point of order in order to allow us to simply proceed to at least debate and vote on the question of rearranging priorities so that we can add \$2 billion to the Low Income Heating Assistance Program and fully pay for that by cutting back the scheduled tax cut for persons who make over \$1 million to \$131,000. I think that is quite ample for them. I would urge the gentleman from Ohio to withdraw his point of order.

The SPEAKER pro tempore. The Chair is prepared to rule on the point of order.